

German exports fall: German exports fell year on-year in December, finally reacting to last spring's sharp increase in the value of the D-Mark. But the December trade surplus rose, reflecting an even sharper fall in imports. Page 12; CDU juggernaut, Page 2; Editorial Comment, Page 11.

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REVEAU AND

Euro Disney to build new town: Euro Disney, operator of the Paris-based theme park, is to develop a new town including a 90,000 sq metre shopping development, houses and leisure facilities on the outskirts of its existing site. Page 12

Deutsche Telekom, said its 1995 sales had risen only 4 per cent to DM56bn (\$44.5bn) - DM2bn lower-than forecasts made nine months ago - but By Robert Peston, declined to explain the shortfall, insisting the fig-Political Editor, in London ures were preliminary. Page 13; Lex, Page 12. The UK government yesterday

Mr Shen Gnofang, the foreign cion from communist China," Mr jects, said it had adopted a conministry spokesman, said. China reserves the right to use Shih Ming-teh, DPP chairman, servative attitude toward its investments until tensions eased.

President has invested US\$120m the live-ammunition exercises . adding five hours to the journey. on Friday and the live ammuni-

tion exercises on March 20. Row strains US 'ambiguity'

must change their routes during The missile tests are due to end

doctrine, Page 6

in Paris, whereas the estate of Pablo Picasso, the late Spanish artist, receives nothing when one of his paintings is sold in London. The Commission believes this disparity distorts the single market. However, the British govern-

ment said it saw no reason for introducing this proposal, which will be referred to EU ministers for a decision. "It would be a substantial extra burden on busi-

UK government calls for curbs on EU powers

the country's first direct presiist" tendencies. dential elections on March 23. "The United States should be Beijing also wants to push Mr careful not to send the wrong message to Taiwan authorities that it supports their activities," Lee, the favourite in the polls, into dropping a campaign for greater recognition for Talwan, which Beijing sees as a bid for formal Taiwapese independence.

party, Taiwan's main opposition party, led a trip near one of the missile test sites in protest at China's actions. "Taiwan is an independent, sovereign country. We will never succumb to coer-

in 14 mainland companies. Wei Chuan Foods, another foods group which has invested US\$16m in seven mainland pro-

Lego to build 15 theme parks: Danish toy company Lego announced plans to spend about \$2bn building 15 new parks worldwide in the next century. Page 18

UK Joins European arms project: Britain is to join Germany and France in producing a new armoured car, a move German officials said would pave the way for UK entry into a joint arms procurement agency. Page 2

Clinton heads Dole in standings: As seven Republican party primaries were being held, a . Washington Post/ABC survey put US president Bill Clinton ahead of Republican nomination favourite Bob Dole by 17 percentage points. Page 5

EU split on telecoms talks: World Trade Organisation talks on liberalising telecoms were thrown into uncertainty by a split between European Union governments. Page 4

UK criticised on fishing fleet size: Emma Bonino, the European fisheries commissioner, defended the Common Fisheries Policy and said the UK was lagging behind other EU member states in cutting the size of its fishing fleet. Page 7

Magelian cuts equity holdings further: The Magelian mutual fund, Fidelity Investments' lead-ing fund, continued to cut its equity holdings in January. There has also been a shake-up of portfolio managers at Fidelity, involving managers of 26 equity funds. Page 13

Hanson, the industrial conglomerate, sold its remaining US forestry interests for \$1.59bn to Willamette Industries, the Oregon-based forest products group. Page 18

Japan Synthetic Rubber, the country's largest producer of plastic resin, is to merge its resin divi-sion with Mitsubishi Chemical, Japan's leading chemicals group and third largest resin producer, to seek economies of scale. Page 16

Image STOCK MARKET NUMPERS Image Out_D New York: Innciding Automation Automation Automation Automation Dow Jones Ind Av	seek economies of scale. Page 16	6	to be in the process of setting up
New York: Same inter New York: Comex New York: Same int Av 5,488.07 (42.13) Now Schools of Av 5,488.07 (42.13) Now York: Same int Av 1,822.07 (+13.34) Sampe and Far East 1,822.07 (+16.12) (-13.34) Sampe and Far East 1,822.07 (+16.12) (-13.34) Sampe and Far East 1,822.07 (+16.12) (-13.34) Sampe and Far East 1,825.07 (+23.13) (-13.34) Sampe and Far East (-13.34) (-13.34) (-13.34) <t< th=""><th>A STOCK MARKET INDICES</th><th>I GOLD</th><th>a trust to assess the real value of</th></t<>	A STOCK MARKET INDICES	I GOLD	a trust to assess the real value of
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Image: State in the second of the second	Nikiai19,950.27 (+153.98)		recession with heavy debts.
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launched a tirade against the European Court of Justice and outlined an anti-federalist vision of the European Union based on

the "powers and responsibilities of the nation states". Mr John Major, the prime minister, described as "ludicrous" and "complete nonsense" a provisional ruling by the European Court of Justice which could lead to a 48-hour working week being drawal" from the EU. imposed on British companies. He was speaking in the House of Commons before publication of a white paper on the UK's approach to this month's inter-

government conference on reforming the EU's institutions. which drew mild criticism from the Tory party'a Eurosceptic and pro-European wings.

By Leslie Crawford In Mexico City

last year's financial crisis. The government is understood

Mr Malcolm Rifkind, foreign

Mexico plans to sell assets of

failed banks in wake of crisis

and safety issue.

Prime minister attacks ruling on 48-hour week

secretary, attempted to allay The Eurosceptics said they welcomed the government's intentheir concerns, saying this was an example of the court interpret-ing EU legislation for "purposes tion to limit the EU'a powers. although they doubted whether it would succeed. that were never intended".

In his most explicit ettack on The white paper says that the UK will argue at the IGC for the EU, Mr Jonathan Aitken. Treasury chief secretary until "limiting the scope for commulast July, warned that if the govnity action in certain areas". ernment failed then "for the first It argues for procedures for the time for many years, this bouse would have to start to seriously "rapid amendment of EC legisla-

tion" if the court interprets it in a way other than in which it was consider the option of withoriginally framed. There is also a call for an appeals mechanism. Most of the white paper is a However, the anti-European Tories reserved most of their critrestatement of existing governicism for a ruling by the Euroment policy. It contains

Trust Corporation, set up to liqui-

date the assets of failed savings

The government's move was

Finance officials said they believed the new scheme could be implemented et no extra cost

to the government, which has

already set aside 32bn pesos

(\$4.2bn) towards the cost of last

seven failed banks - Cremi

Union, Banpais, Interestatal, Ort-

ente, Obrero and Inverlat - were

worth 137bn pesos at the time of

intervention. In practice, they are

likely to be worth only a fraction

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of that.

On paper, the assets of the

year's bank interventions.

and loan organisations.

pean court's advocate-general, Mr reinforced commitments to Philippe Leger, that the 48-bour oppose any extension of majority ceiling on working hours applies voting in EU decision-making or to the UK because it is a health any increase in the powers of the

European parliament.

Underlying all the recommendations is a commitment to ensure that that "national parlia ments remain the central focus of democratic legitimacy"

The government wants an enhanced role for national parliaments in EU decision-making and will "bring forward proposals to entrench subsidiarity [the principle that the EU should only operate where it can do so more efficiently than individual nations]

into the treaty". Mr Rifkind reiterated that in

the areas of foreign and security policy, together with justice and ness." the government said. home affairs, the UK would insist Artists' organisations in the that EU initiatives must continue UK were delighted. "This is an to be based on unanimous agreeimportant right for artists," said ment by member states. Ms Janet Ibbotson, deputy chief The Labour opposition is likely to oppose the paper. However, it welcomed most of it, reserving

executive of the Design and Artists Copyright Society. She said many artists were "broke and would benefit enormously". criticism for government opposition to an employment target in Pressure for harmonisation has the EU's treaty, its rejection of come from Germany and, in parthe social chapter and its failure ticular, from France, where pub-

to address monetary union. lic sales represent an important part of the art market. However, the government believes the Paper 'defends British interests', Page 7 Editorial Comment, Page 11

Continued on Page 12

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recovery. "Many Mexican enter-prises are insolvent at their cur-rent debt levels, but could modelled on the US Resolution The Mexican government plans to sell the assets of seven colbecome solvent if creditors decide to reduce the debts' lapsed banks in an attempt to value," says Mr Alfredo Thorne recoup part of the cost of bailing out the financial system during at US investment bank J.P. Morgan in Mexico City. "What is

welcomed by financial analysts missing are market mechanisms as a positive step towards solving for extinguishing debt." the country's corporate debt impasse. Debt write-offs have Senior finance officials said been resisted by Mexican banks they hoped the government trust would act as a catalyst for the because of the cost to their shaky creation of a secondary market for discounted debts. "We aim to balance sheets. Corporate debtors, for their part, have been reluctant to sell assets or accept act as an initial marketmaker by a dilution of ownership to raise establishing prices and attracting capital to repay their debts. buyers for non-performing

loans," a Mexican finance official

explained. "Other banks may

then be persuaded to use the sec-ondary market to sell their non-

He said several foreign asset

managers had expressed an inter-

est in acquiring Merican corpo-rate debt, but had been deterred

from doing so because of the

absence of an effective market

Mr Oscar Medina Mora, a

senior executive at Banamex,

Mexico's largest commercial

performing loans."

NEWS: EUROPE

UK to join European arms project

By Michael Lindemann in Bonn

German officials yesterday welcomed Britain's decision to join Germany and France in producing a new armoured car, and said this would pave the way for UK entry into a joint arms procurement agency.

British participation in the armoured personnal carrier project was chinched this week, subject to agreement on what Britisb officials described as "detailed amendments" to the bidding documents for the multi-role armoured vehicle or MRAV. "A significant step bas been

taken," said a German defence ministry official, hailing the prospect of closer co-operation with Britain over

the MRAV and other projects. Agreement among the three countries comes after months of negotiations, and significantly improves the prospects for the success of the joint procurement agency. The agency was conceived by the Germans and tha French as part of an effort to compete more effectively with the much higger US defence industry. Italy and other European countries

are watching developments closely with a view to joining in the future. and both the original partners have privately expressed the bope it will develop into a fully-fledged European procurement agency.

France, Germany and the UK said they needed to clarify details about

the way the competition for the armoured personnel carrier would be conducted. Once that work is completed - expected hy the end of this month - Britain will become fully involved in the preparations for the agency agreed at the last Franco-German summit in December. The agency will be based in Bonn

and is expected to employ about 15 people by the end of this year. They will pull together the financial and personnel activities at several Franco-German arms projects such as the Tiger attack helicopter in an effort to make them more efficient.

It remained unclear yesterday, however, to what extent Britain would be obliged to buy European

weapons systems after it joins the agency. The French were furious last year when Britain decided to spend £2.5bn on US Apache tank-buster helicopters instead of opting for the

In his most recent comments on the issne, bowever, Mr John Major. Britain's prime minister, said be regarded the agency as a good idea but wanted to preserve the option of hnying US equipment when it offered better value.

Arms manufacturers from the three countries, including Krauss-Maffei nd Thyssen Henschel of Germany, Giat of France, and the UK defence snppliers Alvis, GKN and Vickers will work together "on an equal

basis" to snbmit plans for the planned MRAV. France and Germany have already drawn up bidding documents, but a source close to the talks said Britain had managed to include a provision which allowed the competing companies, notably the UK ones, a greater say in how the vehicle

was to be designed. "We want tha best value-for-money solution," the official said. "The new agreement ensures the competition is as open as possible and that industry can be innovative."

The MRAV is expected to move to a development stage some time in 1998, and several thousand will he produced starting some time after the year 2000, officials said.

By William Lewis and Clay Harris

Brussels

launches

The European Commission has

launched an investigation into

The year-long investigation

EUROPEAN NEWS DIGEST Senior Italian judge arrested

The role of Italy's investigating magistrates has entered the election campaign after the surprise arrest on corruption charges of Mr Renato Squillante, a senior member of the Rome

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judiciary. Mr Squillante, aged 71, is the second most prominent judge to be arrested since the Milan magistrates began their anti-corruption drive in 1992. Last night the nature of the charges was not revealed other than that they related to two alleged instances of corruption dating back to 1968 and that two other members of the judiciary were also under

investigation. From 1975 to 1980 he was a commissioner of Consob, the stock exchange watchdog and since then has handled several politically important cases.

The style and timing of the arrest immediately provoked criticism. Mr Squillante was arrested as his chauffeur prepared to take him to work in the Rome courts and he was transferred to Rebibla jail. It is unusual for someone in his position and at his age to be taken to prison, instead of being Róbert Graham. Re allowed bail.

Finland's credit rating boosted

Finland's determined battle to control its public finances. despite one of Europe's highest unemployment rates was rewarded vesterday by an effective upgrading in its sovereign debt rating by IBCA, the European credit rating agency. IBCA said its assignment of a AA rating "is justified by

Finland's impressive resilience in the face of extraordinary post-war period".

However, the strain of unemployment running at close to 18 the minister of labour, said Finland could not join the planned European monetary union as intended by the government unless there was a significant fall in the jobless rate. "It would be an almost impossible combination," she told the newspaper Karjalainen. Hugh Carnegy, Stockholm

French bank seeks Euro-justice

Société Générale, one of France'a largest private sector banks, has launched a legal action in the European Court of Justice in Luxembourg against the government backed rescue plan for Crédit Lyonnais.

The bank's action follows its unprecedented criticism of the bail-out, finalised last year and estimated to cost the French taxpayer up to FFr50bn (\$9.9bn). Societe Generale, along with a number of other banks.

including Banque Nationale de Paris, originally launched a campaign against the rescue and filed a complaint with the European Commission in Brussels.

They claimed that the costs of the restructuring were extremely high, and that they came without any adequate counterparty in the form of economies in the operations of Crédit Lyonnais. The Commission demanded several minor modifications to the plan, but approved the rescue essentially Andrew Jack, Paris unchanged.

Air France reaches pilots deal

Air France has reached an agreement with pilot unions to enable it to cut its losses and increase productivity. The pilots have agreed to fly on average 623 hours this year, comparedwith 542 hours in 1993, with no corresponding pay rise. Air France pilots earn about \$110,000 (£72,000) a year, making them among the world's highest paid. "The objective

However, Air France ground staff have called a 24-hour strike for Friday to protest against the company's

AP. Paris Jack commen **COPERCISITE**

European tourist growth slows Europe remains the world's top tourist destination, but the

industry is growing at a markedly slower rate, the Organisation for Economic Co-operation and Development. reported vesterday.

restructuring plans

Terrorism was a factor in a drop in visitors to France in 1995, and a general economic malaise curbed growth in other countries, it said. Tourism produced the equivalent of \$161bn in 1995, up from \$140bn a year earlier. The OECD found that

'Traffic light' parties try to halt the CDU's election juggernaut

Baden-Württemberg election is a cliffhanger, writes Peter Norman

zens who avoid public demonstrations of excitement.

But they bave turned the forthcoming March 24 election for their new state parliament into a political cliffhanger that could have repercusaions beyond the borders of this populous and traditionally prosperous region of south-west Germany.

The poli takes place on the same day as elections in neighbouring Rhineland-Palatinate and Schleswig-Holstein in north Germany. Together, the elections will deliver a midterm verdict on the government of Chancellor Helmut Kohl at a time of economic weakness and record unemployment.

The vote in Baden-Württemberg - Germany's third most populous state with more than 10m inhabitants - is the most

be people of Baden-likely of the three to result in a and economics minister in the Württemberg are change of government because outgoing coalition. renowned as solid citi-neither the Christian Demo-Mr Spori has put Mr Teufel on the defensive by daring to rattle the establishment concrats (CDU) nor the Social Democrats (SPD) want their present "grand coalition" in Stuttgart to continue. sensus on European economic and monetary union and immi-

gration. He says Emu could be a job killer and should be The poll could seal the fate of the small liberal Free Democrat party (FDP) - the junior delayed by three or four years. member of Chancellor Kohl's He also wants a drastic reduccoalition - in its traditional heartland where the party was tion in the inflow of ethnic German immigrants from the formed after the second world former Soviet Union. war. It needs 5 per cent of the vote to continue to be represented in the state parliament. The elections will also be a L alugging it out is a barometer of support for the reminder that the outgoing CDU-SPD coalition was a forced marriage resulting from far-right Republican party which shocked Germany's political elite in 1992 by snatch-

Baden-Württemberg. Mr Erwin Teufel, the state's earnest CDU prime minister, is fighting off an unusually robust challenge from Mr Dieter Spöri, the SPD leader

to join a coalition with the CDU. Recent opinion polls give Mr Teufal's CDU around 43 per cent of the vote. Support for the SPD bas fluctuated between 27 per cent and 33 per cent. The Greens have about 14-16 per cent and the FDP

around 5-6 per cent. The polls suggest that the Republicans would get about 4 per cent of the votes and so fail to make the 5 per cent threshold for seats in parliament. If the FDP fails to win seats,

Mr Teufel's chances of heading hat prime minister and economics minister are a new government will be slim. If the Republicans re-enter, all bets are off. The present coalition partners might then have to re-form a government.

the shock success of the Another option might be a red, yellow and green "traffic light" coalition of SPD, FDP Republicans in 1992. Mr Teufel wants to govern alone and Mr Sport is campaigning for a and Greens, although Mr Walcoalition of SPD and Greens. ter Döring, the FDP leader who has moved his party to the The FDP, which has been in opposition in the state for right of the CDU with a cammore than 30 years, is prepared paign for lower taxes, privati-



international fraud and the sation and reduced hureauthreat it poses to European Union member states. cracy, has said he would not support such a move.

will examine the scale of the Mr Teufel has been running problem in Europe and recoma conventional campaign, mend measures to help bring claiming the CDU will be best the "billion dollar" problem for the economy. At 7.4 per cent, Baden-Württemberg's under control. unemployment rate is the lowest of the Germany Länder and well below the 11.1 per cent national average.

But Mr Spöri can claim just as much credit for this as Mr Teufel. Moreover, the spectre of a Red-Green coalition carries less weight than in other parts of Germany because the Greens are long established and moderate.

Ethnic German issue strikes poll chord

By Peter Norman

It has been a policy move that has shocked many and surprised more.

But Mr Dieter Spori, the Social Democrat (SPD) candi-date for prime minister of Baden-Württemberg, Is unrepentant over the way that be, Mr Oskar Lafontaine, the SPD cbairman, and Mr Rudolf Scharping, the leader of the SPD in the Bundestag, have urged a clampdown on immigration of ethnic Germans from eastern Europe and the

ormer Soviet Union. At public meetings, Mr Teu-The ethnic German issue is fel recalls his childhood after former Soviet Union. the second notably populist campaign which Mr Spori has

launched ahead of the March 24 elections for the state parliament in Stuttgart. Critics say his concerns

ing 10.9 per cent of the votes in

about the 220,000 people of German origin allowed into Gernomic power. many each year at a time of high unemployment are unworthy of a party that has always boasted of its internationalism

Mr Erwin Teufel, the state prime minister and Christian Democrat (CDU) candidate, recognises that Mr Spörl's campaign will appeal to some vot-

Mr Fritz Kuhn, head of Baden-Württemherg's Green party, is critical of his potenthe second world war. Then, tial coalition partner. He there was prejudice against the regards Mr Spori's campaign as

millions of German refugees a cynical election ploy. Mr driven out of eastern Europe and yet they turned out to be Walter Döring, leader of the Free Democrats in the state, valuable citizens who helped accuses Mr Spöri of an "evil search for votes" and fears that Germany become a great ecohis campaign will give the Republicans a push into the state parliament. He is given a polite bearing. But his arguments do not stir

the enthusiasm of the voters, Ironically, the Republicans even at CDU rallies. Many peohave difficulty exploiting the issue. As nationalists, they ple apparently share the view of Mr Scharping, who added fuel to the debate in its early cannot attack ethnic German immigration in the same way stages by saving ethnic Gerthat they mounted a campaign mans went "straight on to the against asylum-seekers in 1992. dole or to drawing a pension". But the letters columns of German newspapers suggest there is widespread concern about the continuing ethnic German immigration. Recent arrivals, especially among the

young, have been accused of delinquency and reluctance to assimilate. Mr Spori justifies his stance

by attacking the nationalist approach to immigration. It is wrong, be says, that a Croat who has lived in Stuttgart for 10 years and speaks the local Swabian dialect bas fewer rights than someone coming from the former Soviet Union who might have had a German great, great, great grand-mother but is incapable of

speaking German. Before Mr Spori launched his campaign, opinion polls gave the SPD about 27 per cent support. Last week he claimed the party had gained 6 points.

Europe.

The Commission has appointed a team of fraud experts from the accountancy firm Delnitte Touche Tohmatsu International to carry out the investigation. "International fraud ia almost impossible to quantify, but it is certainly costing European Union countries billions

of dollars," said Mr Will Inglis, a partner in the firm's UK practice and head of the investigation.

"Frandsters have become more sophisticated in their techniques and more daring in their targets," he said. "At the end of this investigation we will ensure the European Union is far better equipped to recognise where fraud is prevalent and to bring international criminals to book."

The investigation, which is already under way, will focus on the damage international fraud causes to European businesses. Experts say it costs companies billions of pounds each year, but detailed figures have not been available.

The investigation follows rising concern about frand and its affect on European businesses in recent years. In particular, frand experts have warned companies of Mafia groups based in Russia and Eastern

ince

Turkish minority government wins confidence vote

By John Barham in Ankara

Tnrkey's new minority conservative government easily won a vote of confidence in seats. parliament yesterday, hnt only after 80 MPs, mainly from the centre-left Democratic Left party (DSP), abstained from voting.

The new government of Mr Mesnt Yllmaz won 257 votes in favour and there were 207 against in the 550-member parliament. Six MPs were absent. Mr Yilmaz only won votes from bis Motherland party and his coalitioo partner, the True Path party of Mrs Tansn Ciller.

He was opposed by the

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Paritare No 67808D. SWEDEN: Responsible Publisher: Hugh Carnego 468 618 6038. Printer: AB Kvillstedungen Expressen. PO Box 6007. 5-550 06. Jonkopung C The Financial Times Limited 1996. Editor Richard Lambert, do The Financial Times Limited, Number Edilor

thwark Bridge, London SEI 9HL.

Islamist Refah party, the largest in parliament with 158 MPs, and the centre-left Peo-ple's Republican party with 49

Abstention by the DSP's 75 MPs, led by Mr Bülent Ecevit, was essential for the government's survival. However, Mr Ecevit, a former prime minister, has warned that he will oppose government actions that "go against our princi-

rejected". ples". **Commentators** fear Mr Ecevit's opposition to privatisation and reform of the deficitridden social security system could make it difficult for Mr Yilmaz to adopt economic austerity measures to halt infla-

tion of 78 per cent. However, Mr Yilmaz said in effectiveness. The sale of minority stakes in the telephone system, Turan interview yesterday that key's flagsbip privatisation project, is stalled until parlia-"we will try to find [economic] solutions with the laws we ment amends privatisation have in our bands. We will not try to sort out the problems



Partners: Mr Mesut Yilmaz (right) cleared yesterday's parliamentary burdle with the votes of his own Motherland party and of the True Path party of Mrs Tansu Çiller (left)

with laws which could be In February, the constitutional court accepted an appeal against the law lodged A Motherland economic by Mr Mümtaz Soysal, a DSP adviser said the previous par-MP, and struck down several liament had already approved important reform laws, such clauses.

Other state companies can still be sold without further as a framework privatisation law. Other reforms could be tailored to meet DSP opposiparliamentary approval. tion without lessening their Mr Yilmaz must still win

parliamentary approval for the 1996 budget. Some Motherland officials fear Refah could mount a sustained, and possibly damaging, opposition to the government's proposals. They fear Refah will attempt

to embarrass the governmen by blocking funds for individnel ministries.

Still, top civil servants in Ankara are hopeful that, with the confidence vote behind him. Mr Yilmaz will fill senior economic posts that remain vacant.

The posts of central bank team. governor, treasury under-secretary, minister controlling the financial system, and eco nomic co-ordination minister have yet to be appointed. A marriage of convenience, Page 11

will also look at Nigerian fraud, money laundering and possibly at fraud within the European Commission itself.

Deloitte & Touche say that the investigation will be the most comprehensive examination of "the fraud problem to date". Mr Inglis stresses that the brief is "wide ranging" and that definition of fraud differs greatly within the EU.

"We are going to define what fraud is," Mr Inglis says. "It is amazing how there are different views in different countries on what is improper and represents a fraud."

Investigators are to send out questionnaires to companies and frand agencies in every EU country. Mr Inglis says that his team of investigators will, "apart from collecting information from more traditional sources, also be prepared to consider less orthodox metbods".

Deloitte & Touche are asking for companies and individuals with knowledge of international fraud rackets to make contact with the investigation

Mr Inglis believes that the increase in international fraud over the past five years has made it impossible for companies hit by fraud to keep it secret. "Burying it is now impossible," Mr Inglis says.

hotel stays – generally considered the best way to measure tourism - rose by a modest 2 per cent last year compared with an 11 per cent rise in 1994. AP. Paris

Warning on Russian banking

Nearly two thirds of Russia's commercial banks are likely to fold over the next few years, according to a European Union-financed report released yesterday. The study forecast that Russia would follow the trend set by

the post-communist countries of eastern Europe, where economic stabilisation set off a shake-out of the commercial banking sector. Some 1,500-1,600 out of the 2,225 commercial banks active in Russia are likely to vanish over the next few years, according to economists who prepared the Russian ' Financial Sector survey for the EU. But the analysis said that the banks which survived were likely to be stronger than before. Chrystia Freeland, Moscow

Hungary passes welfare budget

The Hungarian parliament yesterday accepted a much-delayed social security budget for 1996, including a tight Ft17.8bn (\$124m) deficit, which should pave the way for a critical loan agreement with the international Monetary Fund as well as for membership of the Organisation for Economic Co-operation and Development.

The IMF decides on the stand-by loan, the first since the Socialist-Liberal coalition took office in 1994, on Friday. If it goes through, the OECD, which has already admitted the Czech Republic, is expected to approve Hungary'a membership later this month. Virginia Marsh, Budapest

ECONOMIC WATCH

Switzerland's GDP declines

Switzerland'a gross domestic Switzerland product grew only 0.7 per cent last year, compared with GDP (ennual % change) L2 per cent in 1994. A 0.3 per cent decline in the fourth quarter has raised fears that the country could slide back into recession this year. Some economists have already 2 revised their 1996 GDP forecasts downwards: Bank rena lent. Julius Baer to 0.3 per cent and Union Bank of Switzerland to 0.6 per cent. The economy'a slide has been caused largely by the 1 1 1 1 7

1990 91 92 93 94 95 strengthening Swiss franc on negative impact of a steadily Source: FT Extel

the country's export and tourism sectors. The Swiss National Bank cut its discount rate four times during 1995, leaving it at only 1.5 per cent. Mr Markus Lusser, SNB president, said in a speech in Zurich yesterday that demand for money was picking up.

The central bank's target of I per cent average annual growth in the monetary base might be reached this year after falling short in 1995.

Although the economy would remain weak over the next few months, Mr Lusser was still confident activity would pick up late in the year. "I don't believe we are faced with the risk of recession," he said. Ian Rodger, Zurich-

Deal on Slovenia's debts put in jeopardy

By Kevin Done, East Europe Correspondent

The rump state of Yugoslavia - Serbia and Montenegro - is threatening to take legal action to halt a recent landmark foralavia in 1991. eign debt deal between Slovenia and the London Club of 400 commercial banks.

mercial bank debt totalling

The letter claims that the

17 · · · · · · · · · · ·

around \$4.1bn.

The western banks yesterday of Yugoslavia and the Serbian received a letter from US lawyers representing the National Bank of Yugoslavia and three banks will "pursue all reme-dies available to protect their rights under the New Financ-Serbian banks warning them against accepting Slovenian ing Agreement". bonds in exchange for part of the former Yugoslavia's com-

Slovenian deal breaches the tral bank from all its obliga- missed the Yugoslav action, which is seeking to build an 1988 New Financing Agreetions under the NFA.

ment (NFA), the last debt For the banks, which have three weeks to respond to the letter, the threat of litigation restructuring deal between Belgrade and western banks has come as an unpleasant surbefore the break-up of Yugoprise. They had hoped that the It warns that if the banks go Slovenian deal could set a precedent for their separate negoahead with the deal with Slovenia, which became indepentiations with Croatia and Macedonia, and ultimately with dent in 1991, the National Bank

Bosnia and rump Yugoslavia itself. "It seems the Slovenian deal

is dead," said one London banker specialising in former It also threatens that any Yugoslavia debi. "They have been much more aggressive debt deal with Slovenia in "violation" of the rights of the than people thought. Basically National Bank of Yugoslavia this stops the deal." could release the Yugoslav cen-

and said that it was pressing ahead with the deal. It is issuing a letter to western banks sbortly rebutting Yugoslav maiden issue in the Eurobond claims.

"We don't see any threat that the agreement will not go ahead," said Mr Janez Kosak, vice-governor of the Slovenian central bank.

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"We feel confident about the legal structure we have completed and we have holding more than two-thirds interest. of the debt."

the agreement of creditors ing principal (\$4.396bn) and

the most developed of the six has agreed with the London

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market later this year. Under the deal, approved by parliament last week, Slovenia is taking over 18 per cent of the total outstanding obligations of former Yugoslavia to the commercial banks, which totalled \$5.576bn at mid-January exchange rates includ-

independent presence in the

international capital markets.

It is planning to launch its

It is issuing \$822m of government bonds in exchange for the share of the NFA debt it

The deal with the London Club is crucial for Slovenia, The Bank of Slovenia dis- former Yugoslav republics, Club.

NEWS: EUROPE

MEPs attack González gives his UK, France on IGC veto the state of the Brand אלטי האידעונים צייי

By Neil Buckley in Strasbourg

European parliamentarians vesterday attacked Britain and France for blocking a plan to invite them to take part in negotiations in the forthcoming intergovernmental confer-ence (IGC) on the future of the European Union.

"It is pure bypocrisy for min-isters to talk about making Europe more open and democratic, and then to exclude the only democratically elected institution," said Ms Pauline Green, president of the 217strong Socialist bloc in Strasbourg.

Ms Green said it was important not to repeat the errors of the negotiations of the Maas-tricht treaty, from which the parliament was excluded. Representation of parliament in whe negotiations would give "democratic legitimacy" to the IGC, she said. Ms Green urged British and French citizens to

challenge their governments on the issue MEPs in Strasbourg will today debate a resolution on

the progress of the IGC talks.

have a place in them.

a pa constate di ung their priorities for the IGC. which starts at the end of the month. The British and French prevented a weekend meeting **uro-justice** of EU foreign ministers in Palermo from agreeing a comproat the side effective mise, put forward by the Italalle a Court al Curt al Priver (Trada parte ian presidency, that would

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The majority of member governments want the parliament to have a role in the IGC. But Telline (NULLERS) Britain and France insist that ್ರ ನಿರ್ಮದ ಕಿಂದುದ್ದ as the IGC concerns negotiations between governments ~ whose outcome will be ratified

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blessing to likely successor second-higgest parliamentary grouping with 173 members, said yesterday be was "very disappointed" by the outcome

of the Palermo meeting, but had "not lost hope completely". Mr Martens believed it was vital that the European parliament should be given the right, alongside national parlia-ments, to ratify the results of the IGC, and any future

It is pure hypocrisy for ministers to talk about making Europe more open and

parliament's resolution.

demands for: • An enhanced role for pardecision procedure giving parliament equal status with the Council of Ministers on legishave required the parliament lation where decisions are to be kept closely informed on taken by majority vote. One European commis-

sioner per member state. • The president of the Commission to be elected by parliament European citizenship to be developed complementary to.

by national parliaments - the European parliament does not Mr Wilfried Martens, president of the christian democrat European People's party, the institutions.

By Tom Burns in Madrid A stable Spanish government headed by Mr José Maria Aznar's centre-right Popular party (PP) is "possible, desirable and even probable", Mr Felipe González, the outgoing Socialist prime minister, said

vesterday. He was speaking after a 90minute meeting hetween the two men which appeared to dispel much of the political

uncertainty following the March 3 elections in which the PP won the most seats but fell well sbort of an ontright majority. Mr Aznar faces tough negotiations with minority nationalist parties to create a governing majority but he is likely, in the end, to create a stable administration.

Mr González said it was the responsibility of the PP, as the largest party, to form the government and that the new administration should remove the spectre of political instability by serving out its full four-year term. Mr González, prime minister

for more than 13 years, looked relaxed after the meeting and almost seemed to he looking forward to a spell in opposition

He said his Socialist party which won 141 seats to the PP's 156 in the 350-member parliament, would oppose Mr Aznar when be sought the confidence of the bouse in an investiture debate next month bnt would not be "an obstacle" to support by other parties for

a PP government. Mr Aznar who beld a senarate press conference in the grounds of the Moncloa Palace, the official residence of Spain's prime ministers where the meeting took place, said his talks with the nationalist



González (right) and Aznar after talks in Madrid yesterday

track, looked reasonably encouraging and had their own rhythm". The PP has begun negotiating the framework of an alliance with the Catalan and the Basque nationalist MPs in the Madrid parliament and Mr Aznar is now preparing for meetings with the leaders of both groups later in the week.

The 21 seats that the two nationalist parties bave between them in parliament wonld ensure an ontright majority for the centre-right.

parties were "on the right Mr Aznar is also seeking the support of regional parties in the Canary Islands and in Valencia which have a further five MPs. "We will all have to make concessions and give np part of our electoral programmes," Mr Aznar said. He warned that a final agreement could take time. The PP and the nationalist parties all broadly sbare pro-

business economic policies. Mr Aznar is likely to offer generous self-government terms to secure the support of the Basques and the Catalans.

Warsaw to guarantee third-party grid access **Poland plans power** sell-off over 7 years

By Christopher Bobinski in Warsaw

Most of Poland's electricity generating and distribution sector should be in private hands within seven years, the government said in a white paper yesterday.

"We need to privatise to keep energy prices from growing too fast, to obtain capital for modernisation and to get access to technical know-how and man-agement skills" Mr Klemens Scierski, the industry minister, said yesterday. He added that around \$50bn

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was needed to be spent over 15 years to modernise the pollution-ridden industry, half of whose 33,000MW of capacity

adviser for the privatisation of the 2,740MW Patnow-Adamow-Konin (PAK) generating complex in western Poland which provides around 10 per cent of

Gliwice in the industrial district of Silesia and ZE Poznan, in the west of the country. The overall privatisation

scheme ~ broadly modelled on the UK power sector privatisation - comes as parliament is debating a delayed move to set up a regulator for the industry. The government intends that privatisation enshrine the principle of third-party access (TPA) to the national electricity grid and its network of gas pipelines, allowing all producers to use the energy distribu-tion system on equal terms. Mr Zbigniew Bicki, the head of the Polish Power Grid Company (PSE), which huys power from generators and distrib-utes and sells it to 33 regional distribution companies, said

yesterday the proposed reforms "could oot be implemented" if the TPA principle was voted out of the draft energy law. TPA is opposed in parlia-

ment by the gas lobby which

tisation along with the sale of fears competition from future two regional distributors. ZE supplies of Russian gas and snpplies of Russian gas and more covertly by sections of the power industry fearing that the introduction of competition will lead to some of the companies folding.

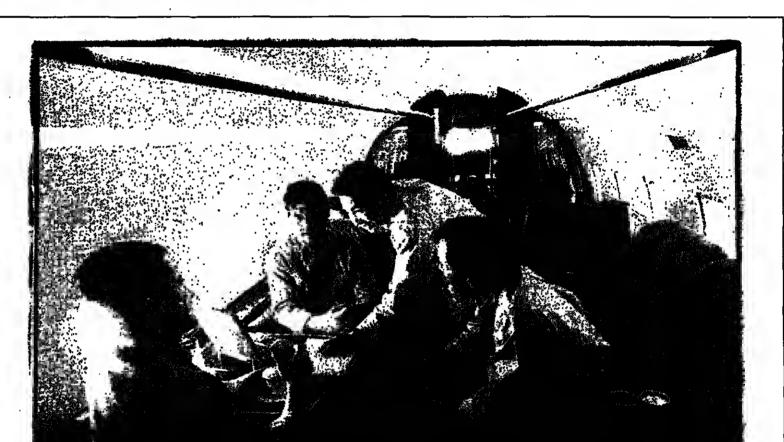
Under the proposed changes PSE would manage the distrihution system but cede its wholesale functions to the distributors, and to the energy brokers who are expected to appear as a free market in electricity develops. The PSE is also to be priva-

tised.

The white paper envisages the formation and privatisation of 5-10 groups of power producers augmented by smaller local generators from among the 62 existing power and beat and power plants.

These companies would sell power to regional distributors and directly to large customers. PSE initially would handle exports and imports through Poland's links established last year to the western European grid.

This is seen as a pilot priva-



democratic' changes to the European treaty - one of the priorities in the In their debate today MEPs will consider a 19-page resolution - plus 230 proposed amendments - including liament, with a simplified co-

national citizenship.

 The "third pillar" - justice and home affairs issues such as immigration, asylum and drug trafficking - to come under the umbrella of EU

France's Post Office tries to deliver change

Andrew Jack reports on how an old institution is

needs to be replaced. The Industry Ministry is in the final stages of choosing an

the country's power.

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and the set of the \$*** · · that remains of the idea, quashed by ministers at the

last minute. The incident highlights the Post Office's growing interest and record of innovation in the field of financial services, and the often effective counter-attacks from its banking and insurance competitors.

Mr Lenormand showa no sign of giving up the struggle. Last year, he laid the founda-tions for a sharp growth in the said of life assurance policies, signing a contracts with Assurances Générales de France to complement the scheme available through its branches already provided by Caisse Nationale de Prevoyance. He is currently in the pro-

cess of finding and training 400 new financial advisers. He is developing ways to attract more business clients, stressing the sophisticated treasury management and money transfer facilities of the Post Office. For the future, he is experimenting with innovative services such as selling postage stamps through cash dispens-

ers. He is also considering ways to boost the volume of loans offered to individuals, including more at variable interest rates. Each such step will further irritate France's other finan-

cial institutions, which claim that the Post Office has benefits from tax deductions and fewer regulatory controls than its rivals. They say its network of more that 14,000 branches and its reputation for trustworthiness give it a competitive advantage.

i i i Mr Lenormand says the aggression reflects the fact that the Post Office has been fighting back. During the 1980s, it was losing 0.8 per cent a year of its financial services income to French banks. Since - at a time when competition ing commercial loans. All it offices open.



From delivering letters to competing with the leading banks

has been intensifying in other can provide are overdrafts and areas. He rejects his competitors' claims about unfair advan-tages. He admits that the Post Office pays 15 per cent of the level of "professional tax" levied on companies for its branches, but aays the FFr1.2bn (\$230m) annual saving is more than consumed in FFr3bn in snbsidies to keep

loss-making branches in small communities open. He says 90 per cent of branches are in settlements of French banks agreed at the and of last year to accept lower fewer than 5,000 people - one branch had turnover of just FFr47,000 (£6,064) in 1994. The ment on its new zero per cent Post Office has pledged to close no branches, at least until the end of next year when its charter with the state comes up for renegotiation.

to change tack after 1996.

not have to follow the same

prudential ratios against lend-

insurers of having an element of bypocrisy in their com-The French essociation of plaints. While they argue that insurance companies has pursued the French government in the Post Office is stealing their business, they are happy to the European Court of Justice agree vast contracts to manage on the subject - despite that the funds it collects. fact that Mr Lenormand says

· · ·

the Post Office signed an accord until the end of this The most recent attack from the banks followed leaked proyear with the body agreeing posals earlier this year that the not to sell non-life insurance Post Office planned to restructure sacrificing traditional policies in its branches. He says there is "no project yet" postal services in favour of financial products. Countering the banks' argu-

soma top-up housing loans,

making up a small volume with low risk.

that the Post Office has no equity, making it more difficult

to judge its efficiency. He

replies simply in terms of the substantial income and

employment generated by the

He also points out that he

has lost ground on a number of

occasions, such as when the

commission from the govern-

housing loan programme, as

long as the Post Office was

He accuses the banks and

banned from providing them.

state through the institution.

More awkward is the charge

Mr Lenormand argues the opposite: that his aim is to ments that the Post Office does boost the proportion of postal business conducted through ing, he stresses that the instibranches - currently just 13 tution is forbidden from makper cent ~ to help keep local

February, 1996, 5 Country Sales Trip. a Management Jean of 4. Strategy Fine Tured on Board.

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You're jetting along at 865 km/h putting the finishing touches to your strategy. And your workday has yet to begin. The reality of today's white-hot global competition is that you have to get more out of everybody and everything. And nowhere is that more apparent than when you're in the midst of a gruelling sales mission that takes you halfway . around the world. Which is where the new 7408 km Challenger' 604 business jet comes in.

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NEWS: INTERNATIONAL

Foreign investors Israel attacks UK Palestinian charity put record \$90bn By Julian Ozanne In Tel Aviv and Clay Harris in London families of Hamas guerrillas and suities of the movement together with charities with known activists in the Izz el-Deen al-Qassam Brigades, the military wing of Hamas which has claimed responsibility for recent suicide bombers. the Internal Committee, and gave "Interpal is the main source of funds for Hamas outside the [Palestindirections to other Hamas fund-rais-ing groups in Europe. "All the Eurointo poor nations The Israeli government yesterday pean funds are co-ordinated by Interstepped up pressure on Britain to cide attacks in Israel. ian] territories," he said. In London, Mr Abdul Rahman crack down on Palestinian fundpal," he said.

Daya. Interpal chairman, said: "What is their proof? I don't know what they

are talking about. I don't know what

Charity Commission officials will

today visit Interpal's offices in north

London to study its records. After a

meeting with interpal trustees yester-

day, the commission said: "The char-

ity can continue to function and fund

projects undertaken on their behalf

hy various Palestinian charities." For

the time being, all spending must be

The Israeli military officer alleged

that Internal was directly connected

to the Finance Committee of Hamas,

which decides the expenditure priori-

approved by the commission.

the Israells are trying to achieve."

as "rubbish"

results of an investigation.

Hamas guerrillas.

By Robert Chote, Economics Editor

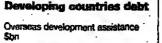
Foreign direct investment in developing countries rose to a record \$90bn last year, offset ting a decline in passive portfolio investment, according to the World Bank's latest annual World Debt Tables.

Foreign direct investment accounted for 54 per cent of private capital flows into developing countries last year, up from 50 per cent in 1994. It has grown steadily in importance during the 1990s, driven in part by the opportunities to invest created by privatisation.

Total net resource flows into developing countries rose by nearly 12 per cent last year to \$231bn Mr Micbael Bruno, the World Bank's chief economist, said that private investment flows had been resilient in the aftermath of the Mexican crisis, especially in countries where the markets had confidence in economic policies. But one consequence of the

crisis was a dramatic shift in the destination of private capital flows. East Asia and the Pacific lifted its share of total capital inflows from 41 per cent in 1993 to 59 per cent in 1995. Latin America and the Caribbean meanwhile saw its share decline from 38 to 20 per cent

over the same period. than 0.3 per cent. The World Bank said that the outlook for sustained priheld hy developing countries vate capital flows remained rose by S per cent last year driven by the big inflow of pri bright, despite the fact that portfolio investment in the vate financing and the Mexishares of developing nation can rescue package. However, companies had halved since the hurden of debt declined in 1993. Private flows will be sus-tained by globalisatioo of pro-export growth. 1993. Private flows will be sus-



pal, also known as the Palestinian Relief and Development Fund, raised money exclusively for Hamas institutions and directly provided support to

The value of external debt

duction, sound economic policies in recipient countries and the desire by institutions in industrialised countries to diversify investments geo-By Julian Ozanne and graphically. Avi Machlis in Jerusalem

Commercial hanks were another important source of Mr David Levy, Israel's the rise in private capital flows maverick rightwing politician, to developing countries last yesterday withdrew from the year. Their contribution rose race for prime minister and joined a single, unified rightfrom £9.2bn (\$14bn) in 1994 to £17.1bn in 1995. wing bloc against Mr Shimon The World Bank warned that Peres, the prime minister, and the optimistic outlook for pri-

his Labour-led government in vate flows did not apply to offi-May elections. cial aid. These flows fell by 6 The agreement leaves Mr per cent in real terms in 1994, Benjamin Netanyahu, leader of the rightwing Likud party, as taking the proportion of industrialised country national incomes spent on aid to less sole challenger to Mr Peres and

Israeli military intelligence claimed

that interpal, a UK-based charity

whose bank accounts were frozen last

will considerably hoost the electoral chances of the right wing, which opposes the gov-ernment's Middle East peace

policies. The formation of a single rightwing bloc is a further blow for the peace process and for Mr Peres, who has taken a hammering in recent opinion polls following a wave of Islam-

Levy (left), Netanyahu (centre) and Eitan shake on their alliance

ist snicide bombings in Israel. from Likud last year. The After weeks of tortuous Likud-Gesher agreement folnegotiations. Likud, Israel's lowed a similar agreement in largest opposition party, yes-February between Likud and terday signed an agreement the ultra-nationalist Tsomet with Gesher, the new party party of Mr Rafael Eitan. The united Likud-Tsometformed by Mr Levy, a former Gesher bloc will present a sinforeign minister, after he split

gle list of parliamentary candi-dates and will run on a platform opposing the peace process. The agreement of Mr Levy, who enjoys significant support among disadvantaged Oriental Jews, was seen as critical for Mr Netanyahu's chances of defeating Mr Peres, in the all-important first round of the separate ballot for the direct election of the prime minister.

The rightwing pact compli-cates Mr Peres' already difficult political situation. Recent this month. opinion polls show that his lead of 15:30 points over Mr Netanyahu a month ago has been reversed following the suicide hombings by the Hamas Islamist movement which have killed 58 people in Israel. The latest poll showed 49 per cent of Israelis would vote for Mr Netanyahu and 46 per cent for Mr Peres.

Mr Daya said neither organisation Mr Daya described this contention appeared in Internal's own records or ank records.

Last week police named Interpal The documents, written in Arabic, and Al Agsa, based in Germany, as are application forms filled out hy the families of Hamas "martyrs" seeking the source of funds to Mr Suleiman aid from Mr Agbariah's funds. All Aghariah, who has been placed under house arrest by Israeli authorities and three are from families of young men who died in Hamas military activities. had his telephone cut off pending the One application came from the

Police say have they have more mother of 20-year-old Iman Salah Salthan 60 cases proving that Mr Agbarame Atallah, who died in a suicide iah's charities - the Islamic Salvation Fund and the Islamic Rescue Fund mission in Gaza in 1993, in which two Israeli soldiers were killed. gave money directly to the families of Police say in all cases money was

approved from Mr Aghariah's chari-They provided documents from ties, often more significant sums than three cases which they allege prove a link between Mr Agbarlah and his recommended by charity field workers in the documents.

The intelligence officer said Israel had material evidence that some of the money sent hy interpal to regis-tared schools, clinics, orphanages and welfare societies had been diverted to

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the families of Hamas guerrillas. In London, Mr Daya, when asked any of the 36 charitles which Interpal funds were linked to Hamas, said "Maybe." Interpal did not screen recipients to exclude those with links to Hames activists. "A poor family is a poor family," Mr Daya said: "We do not check on why the family has been made activity." made poor.

The Israeli officer said it was impossible to divuige material evidence because it would put informants at risk. But he said evidence had been passed to the UK government and other European countries which proved the link between the European charities and funding of the Hamas military campaign.

Israel's right unites against Peres UV radiation hits record high level in northern world

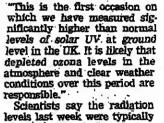
> By Clive Cookson Science Editor

tion Board's director, said: Ultraviolet radiation from the sun reached a record intensity for the time of year over parts of the northern hemisphere

Separate announcements yesterday by the World Meteo-rological Organisation in Geneva and the UK National Radiological Protection Board show that destruction of the protective ozone layer hy man-made chemicals in the upper atmosphere is worsening. For the first time, this is leading to a large increase in the amount of ultraviolet radiation on the ground.

Since mid-Fehruary, satellites and ground stations in the WMO Global Ozone Observing System have measured ozone depletion of up to 45 per cent the lowest ozone levels ever recorded - over the sub-polar region from Greenland and Scandinavia to western Siberia. Ozone destruction of 20 to 30 per cent extended over a wide area of the northern mid-latitudes, including the British Isles.

Announcing the results, Pro-



fessor Roger Clarke, the National Radiological Protec-

seen in late April when the sun is much stronger. "These increased levels. . . are not considered to represent a signifi-cant health hazard since they are short-term and only contribute a very small amount to the annual UV dose," said Prof Clarke.

Ozone depletion is a seasonal phenomenon, starting when the upper atmosphere is coldest in mid-winter and finishing in late spring. There has been no clear evidence of increased ultraviolet radiation during the summer, when it would do the most damage.

But the new readings are likely to increase pressure for more cuts in the production of ozone-depleting chemicals.

Moroccan bank blazes securities trail in N Africa

By Antonia Sharpe

Morocco yesterday opened up further to international investors when Banque Marocaine du Commerce Extérieur (BMCE), the country's secondlargest bank, became the first North African entity to launch an offering of global depositary receipts.

Analysts said BMCE was an are not allowed, to deal ideal trail-blazer for North directly in that country's stock African GDRs because it was market. one of the best known banks in the region.

GDRs, which represent an inated in dollars and are cleared through multinational interest in the shares of the clearing houses such as Cedel issuer, are mainly bought by foreign investors who want and Euroclear. They are mainly traded in London, exposure to an emerging economy but who do not want, or where they are listed

The instruments meet their needs because they are denominstituti

of Morocco's leading businessmen, its strong operating performance since privatisation last year has not gone unnoticed by foreign hanks and The hank counts Citibank, Commerzbank, Deutsche Morgan Grenfell, Mr George

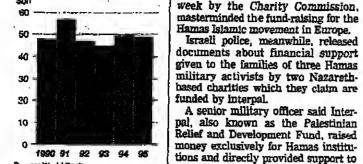
Although BMCE is controlled by Mr Othman Benjelloun, one

Soros's Quantum Emerging Growth Fund, Morgan Stanley Asset Management and the Framlington Maghreh Fund among its shareholders. "The GDR offering will allow the bank to expand its foreign investor base," said one ana-BMCE's \$50m offering reflects the increasing interest

in Morocco among interna tional investors, attracted by the country's political stability and the success of its privatisation programm Since 1993, the government

has raised about \$870m from state asset disposals, of which about one third came from foreigners through portfolio or direct investment.

NEWS: WORLD TRADE -Philippine | Division over restrictions on foreign ownership complicates WTO talks WORLD TRADE NEWS DIGEST EU split over liberalising telecoms plastics **Renault signs** proposal **Brazil pact** developing countries is vital to By Guy de Jonquières dropped Mr Malcolm Rifkind, Britain's WTO is effort wasted. I am US-EU telecoms markets achieve an agreement. The outlook for World Trade ry, yesterday Renault, the French motor group, yesterday signed an Organisation talks on liberalibacked the development of tives, if they are compatible Subscribers (m) has said its proposal would be 35 agreement with the Brazilian state of Parana which could lead By Edward Luce in Manila and sing basic telecommunications regional trade arrangements, with WTO rales, are a vital conditional on winning satisbuilding-block to wider progto an investment in the region of up to FFr5bn (\$980m) over Jenny Luesby in London saying they would strengthen factory coocessions from other was thrown into uncertainty 30 yesterday by a split between European Union governments the World Trade Organisation ress," he told the British-2000 WTO members, several EU the next few years. Under the deal, the state and other and contribute to the achieve-25 -American Business Council in Mitsui of Japan has scrapped governments have accused investors will contribute up to FFr1.5bn to the development plans to build a 3.45bo peso over whether to improve the ment of global free trade, London. Brussels of wanting to give The state of Parana, the regional economic development fund, 0 20 -EU's negotiating offer. Mr Rifkind said last year's (\$130m) polypropylene plant in writes Guy de Jonquières. ground hefore it is sure of local banks and other investors will create a pool to control 40 Trade diplomats in Geneva the Philippines because of gov-Mr Rifkind noted concerns US-EU agreement on an action 15 receiving anything in return. per cent of Renault do Brasil. The parent company will hold -1992 that regional initiatives detracted from efforts to liber-Some EU governments expressed surprise yesterday at the unorthodox way in which erument plans to halve petrosaid the dispute threatened to plan to liberalise transatiantic the remaining 60 per cent. 10 -In the first stage, Renault do Brasil will invest FFr3.5bn and local suppliers at least FFr300m in building a plant in trade promised to achieve subslow the negotiations by dischemical tariffs. The company had planned to alise at a global level. Howstantial economic benefits. But couraging other WTO mem-5 the Commission made its probers, particularly developing ever, be said: "What I do not he said both sides must ensure Curitiba, the state capital, and in creating a distribution start production at a 120,000-0 tonne-a-year plant in Bataan countries, from making the that their relationship accept is that there is a single posals. They were circulated as network. The state of Parana will also provide financial, fiscal US EU path towards global free trade, that effort made outside the remained outward-looking and a draft negotiating offer, faxed to national capitals on Monday concessions needed to conclude and technical assistance and land. Source: US Department of Commerce open to the rest of the world. The plant has a planned production capacity of 120,000 vehicles a year. Construction will begin in the second half of a deal by the eod of next by Mr Karl Falkenberg, the montb. "This will certainly compli-cate the negotiations." One dip-EU's chief negotiator in the this year and the factory should be operational hy 1999 to gal and Spain to abolish while France and Belgium said under strong US pressure to it was politically difficult to table a more liberal package in WTO talks. assemble the new Renault Mégane, and later a second vehicle. was no louger viable. restrictions on foreign owner-Mitsui is oue of several comthe WTO. Some trade diplo-mats said the US had hinted Some officials suggested that lomat said. ship of their telecommunicaaccept. However, it was A further investment of FFr1.2bn will be made after 2000 if the Commission hoped that, by "It will make a lot of people broadly backed by Britain. Germarket growth is adequate. Renault is aiming for a market panies which have been lobbytions industries. These restricnervous and push everything much closer to the deadline for publicising its proposals, it share of 7.8 per cent by 2005 in Brazil, where more than 2m vehicles a year are sold. It hopes to be able to take advantage that unless the EU moved raping for tarills of 20-30 per cent tions are scheduled to continne many, the Netherlands and the would put pressure on oppo-nents to budge. However, otb-EU's Nordic members. idly, it might reconsider its beyond 1998. Though the proposal will he Spain would also lose its with protected producers in an agreement." recent offer to open its own of the Mercosur customs union linking Brazil with Argentina. ers feared that uncertainty Paraguay and Uruguay to develop its markets in South Indonesia, Singapore and Thai-The dispute was triggered hy hard-fought right to delay libdiscussed by EU officials at telecommunications market a European Commission proaralising its telecommunicatwo further meetings this fully to international competiabout the EU's position would America. Andrew Jack, Paris much reduce chances of prog-In Thailand, tariffs on plasposal that the EU should offer week, opponents are expected to insist that no decision be tions market until 2003, while tion. WTO members a liberalisation The Commission argued at ress in the WTO negotiations. tics are 30 per cent, while in Belgium would have to scrap a US order for Saab Aircraft which are due to resume on Indonesia, the *vetrochemicals* package which would go furtaken before the next EU foryesterday's meeting that the requirement that applications Monday. The talks involve 48 WTO Saab Aircraft of Sweden has won an order worth \$340m for 50 eign ministers' council meeting industry is protected by a 20 ther than the EU's own plan to for radio communications EU needed to offer totally free access to its market if develop-Saab 340 regional airliners from Mesaba Airlines of the US. per ceut tariff and a 20 per cent open its telecommunications licences meet an "economic on March 25. This is one of the biggest orders won by the Swedish manufacturer since a sharp fall in orders in 1994. Mesaba operates as Northwest Airlink providing a connecting service to Northwest Airlines from 61 US and "The stage is now set for a members, which together account for about 90 per cent import surcharge. However. ing countries were to agree to market to competition in needs" test. the tariffs in the Pbilippines hig row in the council," one EU At a meeting of EU officials liberalise their markets fur-1998. government official said. will now fall to 10 per cent. The proposal would require yesterday, Spain flatly rejected ther. The US and EU have both of the world's telecommunica-Belgium, France. Italy, Portu- the commission proposal, This comes amid concerns The Commission has been insisted that movement by tions traffic. Canadian cities. The airline has ordered 30 new 340s and 20 that the Philippines' plastics used aircraft and taken an option for a further 22 new 340s. market will become flooded Call for US tariff law renewal within the next three years as The Saabs will replace Mesaba's existing fleet of Mairchild OECD Export Credit Rates Metro and de Havilland Dash 8-100 aircraft. local production takes off. The country at present relies The Mesaba deal increases to 433 the total order book for The Organisation for Econo Saah 340s. ft compares with total orders last year of 31, and with just three in 1994. Saab's civil aircraft division made a Co-operation and Development announced new minimum Interest rates (%) for officially loss last year, with orders for its newer Saab 2000 aircraft new petrochemicals complex in By Nancy Dunne programme to last July. goods and some hand-knitted "Many of these loans are being Senators and House memsupported export credits for March 18 1996 to April 14 1996 (February 15 1996 to March 14 1996 in brackets). in Washington carpets, once the programme is secured with personal assets. remaining weak. re-established. The longer it takes to renew hers say failnre to renew The Mesaba order is a welcome rebound for Saab in North from Mitsui's. Bipartisan groups of US Senate the GSP is having "severe In a letter to Senator Robert GSP, the more oervous lenders America after the retreat into Chapter 11 status of another of and House members are calling for swift renewal of legislation its US customers, Business Express. Hugh Carnegy, Stockholm A joint venture hetween repercussions" in developing Dole, Republican Senate are becoming and the more Sumitomo of Japan, BASF of countries as well as for US leader, 18 senators warned that likely these husinesses will 6.55 (6.03) 6.76 (6.56) 6.91 (6.91] D-Mark have to lay off employees or even close," the letter said. Electronic boost for TIR system Germany and local partners is the failure to renew GSP had which cuts tariffs on imports importers who rely on the pro-Ecu French franc Guider planning to build a 160,000 from developing countries. gramme. very negative foreign policy More than 30 countries operating the TIR international transit Renewal of the US General-ised System of Preferences. The GSP, launched in 1976, implications". It "damages US One such business is Mainly tonnes-a-year polypropylene system for lorry freight in Europe have agreed to a common. plant. Marubeni of Japan and 8.15 (5.80) 8.90 (6.25) Baskets, a small import whole-sale company which has had to provides duty-free entry to credibility and our positive up to 5 years 5 to 8.5 years Gokongwei of the Philippines relationships with these [develelectronic information system to help combat fraud. selected products from develop which lansed on July 31 1995, is 7.75 (7.25) 9.56 (9.63) more than 8.5 years ing countries, based on the theplan a 180,000 tonnes-per-year contained in a provision of the oping] countries". cut new equipment purchases. The information system will allow consignments to be Stalian Bra ory that trade opportunities in Thirteen House members tracked throughout their journey and should help in the detection of smuggling. Devised jointly by customs authorities. "balanced hudget" bill over Due to the suspension of GSP, 2.80 (2.80) 10.17 (10.12) Yen* which the White House and the US market would be more have written to Mr Bill Archer. the company has not contrib-Peseta Sterling Swise franc US dollar for credits up to 5 years 5 to 8.5 years and the transport industry and now being tested in several countries, the system is due to be fully operational by Maxieffective than foreign aid. The loss of GSP is depriving 8.14 (7.88) 5.18 (5.16) ene plant. Congress are still at odds. Failchairman of the ways and uted to its pension plan and A third joint venture. ure to agree on the budget bill means committee, to warn of a cut medical benefits for its 10 has twice closed government Mr Mickey Kantor, US trade "terrible situation facing small It will be run by the Geneva-based international Road employees. 8.14 (6.20) Transport Union and national associations that guarantee Mr John Smith, president of agencies, and a third partial representative, of one of his businesses that rely on the 5 to 8.5 years 6.38 (6.36) more than 8.5 years 6.64 (6.54) Amsurco of New Jersey, an shutdown looms on Friday. tools to push for improvement GSP". consignments using the TIR carnet. Many have had to pay duties of workers' rights in develop-Under the TIR scheme, which has more than 50 members 200,000-tonnes-a-year polyethyl-GSP bas heen strongly supimporter of products used to ing countries. Last week he withdrew on raw material imports from loaded trucks are sealed and the TIR carnet allows them w ported by Republicans and make inks and coatings, said On Adarch 23 1996, the Yah rate will rise to pass national frontiers with the minimum of red tape Democrats, hut under current long-term suppliers. he had had to post duties rang-2000. These rates are published monthly by the Roscad Terrae, narmely in the middle of the month. A prantum of 0.2 per cent is to be added to the crack mass when fields at bid, internet rates may not be fixed for more than 130 days. The letter states that the The United Nations Economic Commission for Europe rules must be "paid for" by about \$40m of Pakistan's \$90m ing from \$40,000 to \$60,000 a which administers the TIR convention, said vesterday that funds allocated in the budget. trade benefits because of the new tax burden is mounting month on materials from country's failure to improve child labour conditions. Dutythe new electronic control system would "make fraudulent activities much more difficult if not impossible". Frances Williams Generation every month that GSP is not The current one-year cost Argentina. of the GSP is around \$430m. renewed, requiring many small He was forced to put up his home as collateral for a loan to A 17-month renewal is confree status will be denied for businesses to obtain loans and templated, hackdating the surgical instruments, sporting other credit to pay the taxes, pay the duties.



Source: World Bank

Province by 1998. But the tariff cuts, before Congress as part of a long-delayed oil liberalisation programme, meant the project

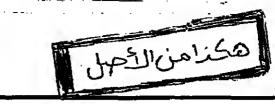
to create a level playing field land.

on imports for all its polypropylene and polyethylene. But a Bataan has drawo proposals for four plastics plants, apart

polypropylene plant and a 175,000-tonnes-a-year polyethyl-

between Sumitomo of Japan. BP Chemicals of the UK and local partners, plans to build a ane plant. This will take the country's capacity to 340,000 tounes a year of polypropylene and 375,000 tonnes a year of polyethylene. by 1998. The domestic market for polypropylene is at present 220,000 tonnes a vear.

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beat Clinton By Matthew Doman in Buenos Aires

By Jurek Martin in Washington

Senator Bob Dole was expected to sail amoothly through yesterday's round of seven Republican primaries but new public opinion polls confirm he can expect rougher waters against President Bill Clinton in the Novembar general election.

A Washington Post/ABC survey yesterday had the president ahead of the majority leader by 56-39 per cent. This is comparabla to the advantage he has been given in some other polls, though one this week for Time/CNN had Mr Clinton ahead hy a more modest 49-40 per cent.

At least 49-40 per cent. At least Mr Dole was trailing the president by less than his two remaining primary rivals. Mr Clinton was given a 61-33 Por cent lead over Mr Steve Porbea, the magazine publisher, and was trouncing Mr Pat Buchanan, the conservative pundit, by 65-28 per cent in the Post/ABC poll With his nomination all but in the bag, speculation ia inevitably mounting about Mr Dole's choice of a vice

presidential running mate. Equally inevitably, the name mentioned more frequently than any other is retired General Colin Powell, former chairman of the joint chiefs of staff.

The Time/CNN poll adds fuel to the flames by finding a add a reformist element not ahead, by 47-45 per cent, when himself.

matched against Mr Clinton and Vice President Al Gore.

Gen Powell.

By contrast, Mr Dole loses when paired with two other possible selections, popular hig State governors Christie Whitman of New Jersey and John Engler of Michigan. Clinton-Gore heats Dole-Whitman 51-40 per cent and Dole-Engler 50-38 per cent.

tina protested at the fee on a Mr Buchanan has repeatedly vessel carrying its flag. warned that Gen Poweil'a presence on the ticket will The move was seen by the Argentine government as repcause hoth anti-abortionists resenting a hardening of Britand doctrinaire conservatives to bolt the party. However, the ish attitudes towards Bnenos Aires' claims to sovereignty polling evidence is that their over the islands and threatloss would be more than offset ened to derail talks on fishing co-operation in disputed waters around both Sonth Georgia and the Falkland hy the addition of moderate Republicans, independents and some Democrats attracted by islands.

The British Embassy in Bne-But Mr Powell has shown no nos Aires said the fee was signs of going back on his refunded at the request of the promise not to seek national Seattle-based company, Amerioffice this year. That has can Sea Food, which had promoted speculation that the decided to withdraw its vessel, majority leader might explicitly offer him the Atlantic III, from South Georgia waters. position of secretary of state in

istered, US-owned vessel for

fishing around South Georgia

The refund, and the with-

drawal of the vessel from the

territorial waters of the uninhahited UK dapendency,

should ease recent stresses in Argentine-Britisb relations

which worsened when Argen-

in the sonth Atlantic.

yesterday signed into law tough new legislation which he said would send a "powerful, unified message to Havana" by discouraging foreign compa-British fishing anthorities have refunded a £70,000 (\$110,000) licence fee charged nies from doing husiness in last week to an Argentine-reg-

Cuba. Tha legislation, driven by outrage over Cuba's downing of two civilian aircraft two weeks ago, allows Cuban Americans, whose property has been expropriated by the Cuban government, to sue in US courts foreign companies benefiting from the property. Foreign nationals "trafficking" in such property could be denied entry into the US. Mr Clinton yesterday had the families of the downed pilots

on hand to witness the hill's signing. "In their memory I will continue to do everything I can to help the tide of democracy that has swept our entire hemisphere finally reach the shores of Cuba," he said. The legislation was spon-

sored by Senator Jesse Helms, long-time anti-communist and chairman of the Senate foreign relations committee, and Con-gressman Daniel Burton, chairman of the western hemiaphere subcommittee. The bill had been blocked hy a filibuster until the shooting

Jesse Helms: anti-communist architect of the legislation down of the jets. The legislation has brought protests from the US's closest trading partners, includiog

Canada and the European Union. But Mr Marc Thiessen, a spokesman for Mr Helms. said: "The EU, instead of crying and moaning, should re-examine what it's doing. The time for appeasement to Havana is over."

Driven hy election year politics, Mr Clintoo agreed to sign the legislation after negotiating for the right to suspend

the provision allowing law-suits. He can only waive it for director of the Washingtonbased Organisation for Internasix months at a time and he tional Investment, said that must declare the suspension to be both in the national interest the legislation put foreignowned companies with big investments in the US under and necessary for boosting democracy in Cuba. great threat from lawsuits.

If he does not use his waiver powers, about which he must make a declaration by July 15. the right to sue will become effective on August 1. Mr Thiessen said the legisla-

tions implemented which have the lowest possible impact on tion would creaie "a legai minefield" for those companies doing business in Cuba.

ambiguity of the legislation would only be resolved by the courts. Mr John Coogan, a lawyer at Cole Corette and Abrutyn in Washington, said companies doing business in Cuba could be liable to damages as high as four times the value of the property as certified by the US Foreign Claims Settlement Commission. The courts would have to decide whether the operation of a subsidiary in Cuha would taint an entire multinational corporation.

He said there were 5,911 certified expropriation claims, of which some 700 to 800 might qualify for the right to bring a private lawsuit. However. non-US claimants could trans fer their claims to US corporations meaning "the universe of potential new claimants is larger than simply the Cuban-American community presently residing in the US

The act allows US nationals to settle lawsuits by accepting an interest in the appropriated property. The effect of this is to grant private US nationals a unilateral right to lift the US embargo against Cuba on a case-by-case basis", he said.

Some governments are studying retaliation if their businessmen are refused US visas. "US executives could quickly find themselves getting barred from other countries This could escalate into a little visa war," said Mr Malen,

companies here." US lawyers said much of the

Mr Tod Malen, executive

"We'll be organising our-

selves to try to encourage the

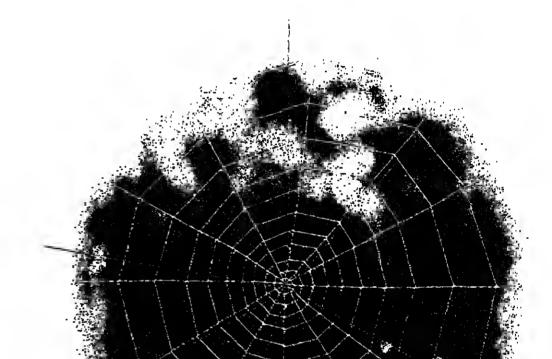
president to use his suspension

authority and to get regnia-

a Dole administration. Another vice presidential possibility being tonted in conservative circles is Congressman John Kasich of Ohio, energetic chairman of the House budget committee, At 43, he would bring youth to a ticket likely to be headed hy a 72-year-old and would also

Anglophones in Quebec take to their heels

Bouchard makes it clear his independence dream has not been A abandoned, says Bernard Simon



President Bill Clinton

NEWS: THE AMERICAS

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province's pramier, cama to this landmark of Qnabec anglophone culture on Monday evening to try to steady the nerves of English-speaking Québécois.

Mr Bouchard himself accurately described tha anxieties that have pervaded the 15 per cent of Québécois whose home language is not French since his secessionist forces came within an ace of winning an independence referendum last October 30.

"Many feel that the unthinkable is now possible and they are convinced that Quebac will. soon he sovereign," he said. "Many are preoccupied about their future,. individual and collective." Evidence of those anxieties

ia not hard to find. The snow-covered lawns of Montreal's English-speaking neighbourhoods are dotted with For Sale signs. The talk at "inner parties is of moving down the 401," the highway that links Montreal and Toronto. A growing number of English-speaking university students plan to leave Quebec after graduation.

Until the mid-1970s, much of Quebec's economy was in English-speaking hands, with francophone Québécois typically confined to blue-collar jobs and the civil servica. Such bastions of English-speaking husiness as Canadian Pacific and Alcan Aluminium still have their head offices in Montreal. But much has changed since the "quiet revolution", which brought French into the boardrooms and spawned a more assertive strain of Quebec nationalism. for TIR SISTER!

The separatist Parti Québécois, which took office for the first time in 1976, unsettled the anglophona community with Bill 101, which designated French as the province's only official language. Montreal'e famous delicatessens could no longer put up English signs. Newcomers found it difficult to snroi their children at English-speaking schools. The vast majority of

anglophone Québécois are now bilingual. "We live side by sida," says a indge who attanded Mr Bouchard's speech. "But we don't know each other; we don't communicate with each other."

The referendum outcome has not only renewed old anxieties. he Centaur Theatre in historic Old Montreal is it has spawned a more radical one of the few places in Quehec where English still and outspoken element in the appears above French on anglophone community. One especially contentious public signs. It was thus fitting

that Mr Lucien Bouchard, the idea is that English-speaking areas, notably parts of Montreal and the area around Ottawa, should themselves break away if Quebec opts for independence. Some 1,400 people attended a public meeting last month to consider the topic: "If Canada is divisible, then so is Quebec." The federal government in Ottawa initially encouraged the idea, but pulled back when

it threatened to inflame emotions in both the federalist and separatist camps. Mr Bouchard made aome moves to reach out to his andience on Monday. Ha urged them "to engage in a

dialogue", and noted that many of their concerns, such as the quality of healthcare and funding for cash-strapped cultural institutions, were much the same as those of French-speaking Quéhécois Several of his ministers were on hand to mingle with the crowd before and after his speech.

Premier fails to steady the nerves

of Quebec's English speakers

But the premier also had a mora sombre message. He noted that the recent talk of partition "shifts our differ ences from the democratic plana to another one, one that is much more disturbing"

He left no donbt that the campaign for what anglophones fear most - Quebec independence - would not be abandoned. Forgetting about sovereignty, he said, "would be tantamount to saying: forget

about hoping for spring". Some anglophone leaders have pinned their hopes on Mr Bouchard's reputation as a pragmatic politician. Thay have been encouraged by his promise to put economic renewal, especially in Montreal, ahead of a renewed drive towards independence for the time being.

But the cool, if polite reception they gave Mr Bouchard on Monday showed that their fears have by no means been allayed. Mr Maurice Podbury, the Centaur's artistic director. said that "agreeing to disagree is a luxury that time will no longer allow".

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NEWS: ASIA-PACIFIC

Republican candidates vie to press for a tougher stance against China as tensions get worse

Taiwan row strains US 'ambiguity' doctrine

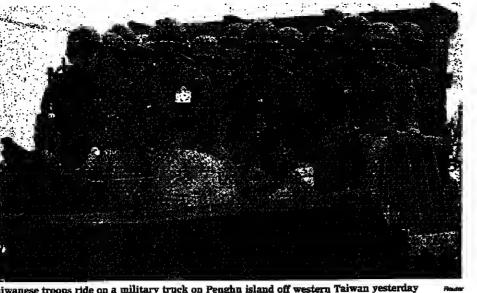
By Jurek Martin in Washington

6

The current tension between China and Taiwan in a US election year invites a sense of political dejo vu. In the 1960 campaign, it was candidate John F. Kennedy who accused his opponent, then vice-president Richard Nixon, of taking too complacent an attitude towards China's intantions over the islands of Quemoy and Matsu.

This time, the boot is on the other foot. It is the Republican party on the warpath against a Democratic president, Bill Clinton, whom it sees as insufficiently resolute in its dealings with Beijing. Senator Jesse Helms, chairman of the foreign relations committee, rarely lets a day go by without a fax condemning the administration for its softness

Both Mr Pat Buchanan and Mr Steve Forbes, now trailing badly in their bids for the party's presidential nomination. have come close to suggesting that the US should go to war if Taiwan comes under direct



Taiwanese troops ride on a military truck on Penghn island off western Taiwan yesterday

Even Senator Bob Dole, presumptive nominee. has dropped some of his traditional foreign policy bipartisanship in urging a tough US stance. in a weekend TV interview, he said "if necessary, we would protect them [the Taiwanese]," though

be did not specify how. For the ideological Mr Buchanan, the mainland remains "communist China", a relic of a failed philosophy, on whose products be would slap punitive tariffs. For Mr Forhes, Taiwan is on its way to becom-

ing an exemplary modern trading state entitled to broader ognition. The views of both find echoes on both left and right of the US Congress. For the Clinton administration. China would be a problem even if this were not an elec-

tion year. US relations with Beljing have been fraught for much of the last three years over a succession of difficulties covering trade, buman rights and Chinese missile sales, Yet the US remains reluctant

to ditcb what its policy makers call the doctrine of "strategic ambiguity" concerning the extent of its willingness to come to the aid of Taiwan. This was codified into law in the 1979 Taiwan Relations Act in which the US is pledged to belp defend the island, but hy unspecified means.

The despatch of a second naval carrier group to the Straits of Taiwan this week, according to Mr Nicholas Burns, state department spokesman, "is a signal that we want the situation to return to one of normalcy and stability

Mr Warren Christopher and Mr William Perry, respectively secretaries of state and defence, and Mr Anthony Lake, national security adviser, have all warned over the last 48 hours of the "grave conse-quences" for China if it moves

militarily against Taiwan. The enhanced US military presence also appears intended to send a signal to China that isolationism is not yet gripping this country to the point that a withdrawal from Asia is contemplated. "We're there for the long haul," one official commented

Yet the US also remains committed to a "one China" policy, which assumes the eventual peaceful reunification of the mainland and Taiwan. That also implies minimal US interest in supporting Taiwan's bid for a separate seat at the United Nations, as pressed, to the occasional irritation of US officials, hy President Lee

Teng-hui. Until now, criticism of the one China policy has mostly been confined to the predictable quarters of Messrs Buchanan and Helms. The greater risk now, according to Senator Sam Nunn, the Democrat from Georgia, is that "by emphasising military force. China is making it harder for the US to maintain hipartisan support for the policy'

Hashimoto's honeymoon is over, say polls

FINANCIAL TIMES WEDNESDAY MARCIN

By William Dawkins in Tokyo

foreign investors in Japan, thet

would mean a continued cau-

tions official stance on eco-

nomic deregulation, by com-

parison with the slightly faster

pace of reform advocated by

the opposition New Frontier

party

half of the public want the government to drop the Y685hn The political honeymoon of Mr (54.24bn) proposed public sub-sidy for the *jusen* liquidation. Ryutaro Hashimoto, the rightwing trade hawk who became However, Japan's electorate is Japanese prime minister in also critical of the NFP's nine January, ended yesterday with day blockade of parliament a sharp decline in opinion poll ratings

bolding up progress on this year's budget, which contains the jusen subsidy plan. Nearly A survey by the centre-left Asahi Shimbun newspaper two-thirds of those surveyed by showed that support for Mr the Asahi opposed the sit in-Hashimoto's cabinet had fallen Moreover, the NFP has failed to 36 per cent from 61 per cent to pick up all but a small por just after taking office, when he was the most popular LDP tion of the support lost by the government, vesterday's palls prime minister for nearly 25 years. Another poll in the Nihon Keizai Shimbun ecoindicate. The opposition's support rating has risen from a mere 9 per cent in January to nomic daily showed a drop of just 14 per cent, said the Asabi. the same order, from 54 per This will be noted with intercent to just under 37 per cent. est by the growing number of The decline reflects popular LDP politicians who believe Mr disgust with a government

plan to use public money to bail out depositors in bankrupt Hashimoto should ignore the opposition's sit in and submit the budget to a vote in pariajusen housing loan companies. ment, where the government said both newspapers. Political analysts believe coalition has a majority in both houses. Such a step would that the fall in support might be a break with usual levislainfluence the ruling Liberal Democratic party to try to tive practice of seaking to appease the opposition with the aim of making at vote delay a general election for as long as possible before the legal deadline of July 1997. For unnecessary.

veys, between a quarter

Yesterday'a polls indicate that the government may lose votes in an important by elec-tion on March 24 in the light industrial region of Gira a LDP stronghold in central Japan. Mr Hashimoto has accepted that the jusca will be. a central issue in tha Gifu poll. There, the LDP will be represented by Mrs Tsuyako One. the widow of the LDP politician whose death left an upper house seat vacant. Her main rival ts Mr Tetsuo Yoshioka for the NFP, a former air force officer.

Japanese consider sanctions over nuclear tests

take a further test, but his public

statement is a sign that Japan is tak-

ing the possibility seriously.

By Peter Montagnon in Tokyo

The Japanese government fears China may carry out a further under-ground nuclear test in the next few months, severely exacerbating bilateral tensions and prompting pressure for tougher sanctions. Japan curtailed grant aid after a similar test last May.

While those sanctions affected only \$88m (£58m) in aid for medical, edncational and bumanitarian projects.

this time the massive subsidised cred- likelihood that China would underits which Japan provides for Chinese infrastructure projects could be cut. Cbina receives some \$2bn in such credits a year.

Japan cut grant aid after last year's "We certainly bope the Chinese test, except for emergency disaster relief, hnt bad wanted to keep subsiwill not conduct any further tests," Mr Yukihiko Ikeda, foreign minister, dised loans flowing because "Japan's said this week. "We bave already told fundamental policy is to support China's open-door and economic reform them that criticism against Japanese policy," Mr Ikeda said. loans for the purpose of assisting China would increase."

That would he much harder in the Mr Ikeda did not comment on the event of further testing which would

produce a atrong reaction from a fiercely anti-nuclear public, adding to concern over China's exercises off Taiwan. "The favourable feeling towards China has evaporated so

quickly," said one senior official. Officials say they do not expect a test to occur before Mr Qian Qichen, China's foreign minister, visits Japan in early April. May would be a more likely month, they said, adding that freezing temperatures at the test site in northern China mean testing

is impossible during the winter. One concern among Japanese Defence Agency officials is a shift in China's public language on testing. China had been saying that it would halt all nuclear testing when the

international community had agreed a new comprehensive test ban treaty. expected this year. Now it says it has the right to carry out such tests until the treaty is rati-

More than two-thirds of those polled by the Nihon Kei-

Capital inflows push Thais into policy dilemma

7 ith Thalland's current account deficit standing at as much as 8.1 per cent of gross domestic product, the country's economic officials should arguably be concerned primarily abont maintaining the strong pace of capital inflows needed to finance that deficit.

in fact, the opposite is true, Thailand's big economic management worry at the moment is not how to attract foreign capital, but how to discourage

Thailand needs to hring down inflation and slow- its economy, yet record capital inflows, totalling Bt90bn (£2.3bn) in January (threea quarters of which came in via short-term deposits), are mak-

ing this job difficult and have pusbed financial authorities into a serious policy.dilemma. The announcement this week of yet another possible round of administrative measures designed to slow the inflow of hot money, increas-

ing reserve requirements on non-resident accounts, or taxing currency swaps, is a sign the dilemma has not been Signs are growing that inter-

nal disputes within the politically vulnerable central bank are hindering the institution's ability to engineer a soft landing for the That economy.

resolved

Monetary policy is caught in vicious circle. High interest rates, needed to put a damper on inflation, are luring

short-term money to Thailand and creating excess liquidity in the banking system. Lowering rates would spur economic growth and thus worsen the tion of capital controls. current account.

Nor does fiscal policy provide a way out. The government already expects to run a hudget surplus equal to 2.5 per cent of GDP in 1996, and political pressure to spend on much-needed infrastructure, especially on projects marking this year's golden inbilee of King Bhumibol Adulyadej, is high.

Sterilising the inflows, which the central bank already plans to do by issuing up to Bt30hn in government bonds, cannot be pushed too far, lest even more speculative capital be lured into

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government-backed securities. overall economic policy that it This happened to neighbourwon't ba abandoned."

ing Malaysia from 1992 to 1994 and culminated in the imposiadministrative. Tough measures being considered include Meanwhile, letting the baht the introduction of hedging appreciate by introducing some flexibility into a currency requirements on all foreign exchange transactions or basket that effectively pegs the currency to the US dollar has requiring that capital entering Thailand remain in the country for a certain time. But In addition to hurting export competitiveness, which could innovations such as these are unlikely because the credibility drive up the current account of the Finance Ministry and the central bank is being quesdeficit, a fluctuating currency

tioned. This comes in the wake of moves to sack former Deputy Governor Ekamol Khiriwat, allegedly lax supervision of the politically connected but ailing Bangkok Bank of Commerce and problems in recent months

anberra prepares cuts

with the compilation and fore-

In the Thai context, institutional credibility is of paramount importance. Many of the central bank's objectives, snch as limits on credit growtb, are pursued not through new regulations but via "voluntary" guidelines and moral sussion

to take the moral high ground, this suasion can be ignored Everyone is on the defensive, worried about their position,"

"No one is arguing for moves based just on economics. Poli-

Ted Bardacke

in Irian Jaya **Ry Manuela Saragosa** In Jakarta and Kenneth Gooding in London

mining town

Rioting spread to another mining town in Irian Jaya, Indonesia, yesterday after disturbances which this week temporarily closed the Grasberg mine, one of the world's biggest copper and gold producers.

Yesterday's disturbances were in Timika, where rioting Irianese broke windows and damaged equipment at an owned hy Freeport-McMoRan Copper & Gold, which operates Grasberg. Freeport denied reports that



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Jaya, who had made some of

remains controversial because,

as a virtual civil administrator

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fied by signatories and comes into force.

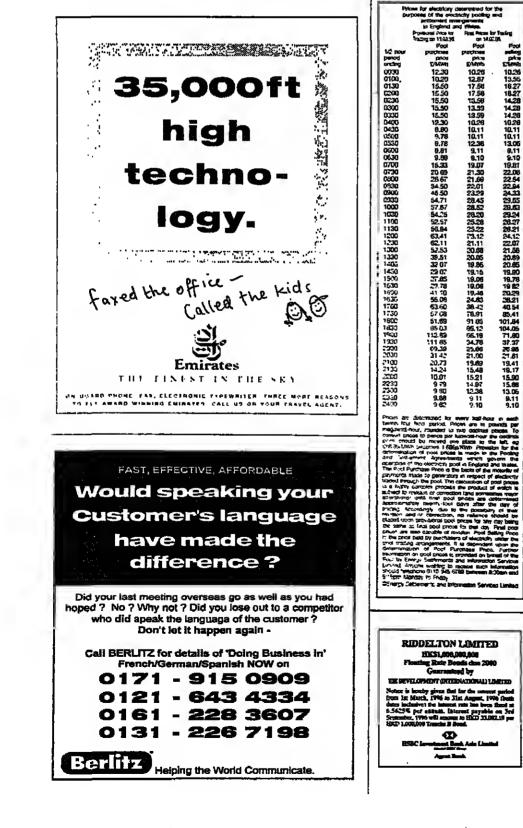
zai Shimbun said the government should concentrate on resolving Japan's economic prohlems and set aside thoughts of an election for the time being. According to yesterday's sur-Riots hit second

casting of economic data, one senior official claims. So the only tools left are

If the central bank is unable

the official says.

tics is a very big concern."



Pool phan 10,255 16,277 14,288 10,255 16,277 14,288 10,111 13,055 16,277 14,288 10,111 13,055 16,277 14,288 10,111 13,055 13,255 14,228 to reach fiscal balance

By Nikki Tait in Sydney

been ruled out.

would introduce uncertainty

into an already tense market. "Currency flexibility would

solve all their problems," says

Mr Neil Sakar, senior econo-

mist with Crosby Securities in

Singapore. "But a stable cur-rency is such a cornerstone of

Australia aims at fiscal balance by 1997-98, a year later than planned under the ousted Labor government, after figures released yesterday hy the new Liberal-National ruling coalition showed it faced an underlying federal budget deficit of A\$7.64bn (£3.85bn) in the 1996-97 financial year.

The treasury estimate of the deficit is struck before asset sale proceeds, and before spending pledges made during the election campaign. The figure contrasts sharply with the small surplus predicted by Mr Ralph Willis, then federal treasurer, in last May's budget speech.

Mr Peter Costello, his successor, said the government planned to redress the balance by taking A\$4hn out of the hudget in 1996-97 and a similar amount in the next year. "overwhelmingly through expenditure reductions". He refused to be drawn on

where the cuts would come from, but pointed to a new "expenditure review committee", to be headed by Mr John Howard, the prime minister, which will scrutinise budgetary outlays, and a new national audit commission. This will look at how government could manage spending more efficiently, and has been asked to report by June 19. Mr Costello admitted the coalition had considered a May

mini-budget, hut decided to stick to the August one. He affirmed the coalition's commitment to campaign pledges, including no new or higher taxes, no cut in federal grants to the states, and new spending measures costed at A\$6.3bn over the three-year parliamen-tary term. The coalition had announced offsetting measures to fund these, but these are moneys otherwise going to

deal with the existing deficit.

Revised underlying balance (AS bn)" .0 1.9% 1.5% 1.3% 0.6% as a % of 4_ GDP 1 1 1 1 1 1

1995-90 96-97 97-96 98-99 Underlying balance is headline balance less net advances, which consist primar of easet sales and nat repayments by the Australian states of debt

Source: Federal Treasury projections

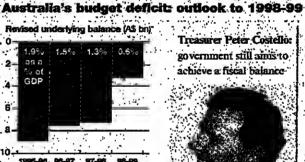
cent for both 1995-96 and 1996-97 (against 3.75 per cent previously). This, plus loss of some budget revenue measures in parliament's upper house last year, means revenues will be A\$4.4bn lower than in the May estimate. Outlays will also be A\$3.9bn

higher, with unemployment payments revised newards by A\$1.4bn, and policy decisions costing A\$600m since the hadget. Those post-budget pledges not specifically endorsed hy the coalition during the campaign would be frozen, Mr Cos-tello said.

The new deficit estimate lies at the higher end of private-sector forecasts; most economists had assumed a surplus was no longer possible; their deficit predictions had ranged between A\$3bn and A\$9bn.

Financial markets, already hit by uncertainty, and buffeted on Monday by the fallout from Wall Street's plunge, reacted fairly calmly. Bond yields dipped when the deficit figure was published, but then rallied.

Mr Willis claimed release of the revised estimates was a political "stunt" designed to back part of the government pave the way for "savage" spending cuts. Labor argued stock market sale of the The treasury's assumed



would he misleading, since they would almost certainly be revised.

"By publishing a revised estimste of the outcome of next year's budget six months hefore that budget is finalised, Mr Howard is using for political purposes figures he once described as notoriously unrelpolice lost control. iable," Mr Costello said

For the current 1995-96 financial year, the treasury's estibetween Irianese, Indonesians mates now suggest a "beadfrom other parts of the line" deficit of A\$280m, slightly archipelago, and commercial worse than the A\$115m surplus operations in the region. Those familiar with the area aay indicated in December's midyear review. The underlying discontent among the local population has focused on a deficit is put at over A\$9bn, or abont 2 per cent of gross domestic product, roughly in perceived lack of henefits from Freeport's mine to the local line with predictions. community, the social impact

The latest treasury estimates of the mine's presence and assume the government's environmental concerns. remaining 50.4 per cent inter-est in the Commonwealth to Freeport, which has been Bank group will be sold in the under regular fire from current financial year, as planned by Labor. Analysts non-governmental organisations not only for environmental reasons but think this optimistic. Mr Costello said only that the sale also for its alleged involvement process was under way, but in military human rights some negotiations were needed abuses in the region. with the bank board.

Freeport maintains it is not involved in any of the human rights violations, a position which appears to have been

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some people had died in the rioting, that one of its oil the initial accusations: But to other critics, Freeport's position in the area dumps had been set ahlaze and that buildings bad been burned. Also, Freeport insisted Timika's airport remained open despite suggestions that for the region, its daily it had been badly damaged and would be closed for some days.

operations inevitably involve close contact with the military. It hoped to start mining As a result, Freeport is closely again shortly and said the identified with the armed shipping of concentrate, an forces in the eyes of the local intermediate material containing copper and gold, from the local port had population. Last month an Irian Jaya continued

military tribunal jailed an army officer and three soldiers Tembagapura, the Freeport for hetween one and -three mining town close to Grasberg where the disturbances started years for numerous cases killings and torture in and on Sunday, was quiet last around the Freeport mines. Political sensitivities in the night, Freeport said. The rioting was reportedly sparked off when relatives of a

area are compounded hy the fact that Irian Jaya has its own local resident, hit by a car independence movements, the driven by an employee from most prominent of which is the another mining company in Free Papua Movement known the region, were prevented as the OPM. The OPM wants to from visiting the victim in the secede from Indonesia but the local hospital. The Indonesian organisation is believed not to military sent in extra troops to be well armed. Its supporters have been holding 12 hostages. deal with the rioting after the tocluding Britons and Dutch, The riots are evidence of the

in the frian jungle for morecontinued tension in the area than two months to draw attention to its separatist cause.

There has also been friction caused by the trade-off between development and the environment. Some 19 environmental organisations at a biodiversity conference In Jakarta last year said the company was guilty of "massively altering the landscape, irreparably damaging the rich biodiversity of the area and harming the health and sustenance of local

indigenous communities". Before 1967, when Freeport started mining, there was virtually no development in the region and the area's tribes had minimal contact with the outside world.

Freeport's argument is that it has honght schools and it has honght schools and hospitals to the region. Critics accepted by Bishop HFM argue that the local tribes were Munninghoff, the Catholic not given much choice in the argue that the local tribes were

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CBA has talked about buying stake, in conjunction with the

fresb forward aatimates remaining shares. The stake growth rate is now 3.25 per months ahead of the budget overall is worth around A\$4hn. Church representative in Irian matter.

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The events are another blow

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FINANCIAL TIMES WEDNESDAY MARCH 13 1996 *

NEWS: UK Loyalist leaders give retaliation warning

By John Kampfner in London and John Murray Brown in Dublin

The British and Irish governments last night faced the prospect of a serious escalation in paramilitary violence as loyalist leaders warned the. IRA they would retaliate to each bombing "blow for blow".

Security chiefs in London and Dub-lin have feared that the IRA's decision to end its ceasefire a month ago, by setting off a spate of bombs in London, would force Protestant paramilitaries to respond in kind. The IRA confirmed that it was

responsible for a device planted near

Subsidy

company

gramme over three years - to

higher than the UK average.

reduce tariffs by about 3 per

The move was cantiously

welcomed by Offer, the North-

The subsidy will be paid to

By John Murray Brown

in Dublin

company,

power

a cometery in the west of London early last Saturday - the third explosion in London in as many weeks. Three people have so far died, although no-one was injured in the

latest attack. The IRA admission was likely to put further pressure on Mr Gerry Adams, Sinn Féin president, who left yesterday for the United States. The Clinton administration has forcefully condemned the resumption of IRA violence.

In contrast to previous visits, Mr Adams will not be allowed to raise funds and has not been invited to St Patrick's White House celebrations on

Friday. For the first time Unionist the Combined Loyalist Military Comleaders will attend.

The loyalist statement, which was a response to a warning by the IRA last week that it was prepared for 25 years of armed struggle, was made as the British government prepared to conthis source." sider which form of mechanism should be put in place for Northern

Ireland elections. Talks with the parties end today with no sign that the Ulster Unionists, the Democratic Unionists and the nationalist SDLP - the three main constitutiooal parties - hava narrowed their differences.

In its statement released in Belfast, event of a resumption of violence, the

loyalists might mirror IRA tactics in mand said: "We have withstood the London by targetting prestige sites in Dublin.

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recent provocation of IRA bombs on the mainland which have killed our innocent British fellow citizens. These The Irish capital was oo increased alert last night. Security has been tightened around a number of imporatrocities cannot be permitted to con-tinue without a telling response from tant locations, among them the Financial Services Centre. A garda official It added: "We are poised and ready to strike to effect. We will give blow said security measures were under constant review. The loyalist statement called on for blow. As in the past, whatever the

Sinn Féin and the IRA to think again. "Now is the time to draw back from the brink," it said. "We all have had hard decisions to make in the cause of peace. The IRA and Sinn Fein must now choose and choose well."

UK NEWS DIGEST Virgin and BA settle in UK

British Airways said yesterday that it had settled its alleged "dirty tricks" case with Virgin Atlantic in the UK, with Virgin agreeing to pay BA a net £133,000 (\$203,490). The two sides said last year that they would each pay a proportion of the other's costs. After deducting a percentage of its own costs, Virgin will pay BA £398,000 plus interest. The two airlines announced last year that they had settled the UK part of their case, with BA agreeing to pay Virgin damages of £265,000. This leaves Virgin paying £133,000. Virgin said the costs were far lower than the £750,000 that BA estimated last year.

Among the allegations Virgin made was that BA gained

unauthorised access to its computers. In 1993, BA paid Mr Richard Branson, Virgin's chairman, £610,000 in libel damages. BA had claimed that Mr Bransoo had used the allegations for publicity purposes.

Virgin is still suing BA in the US. Mr Robert Ayling, the BA chief executive, said he did oot believe this action would come to court for at least two years. Virgin said last night that it expected the first hearing in its US case to take place this year. Michael Skapinker, London

Aide says she respected Nadir

Mrs Elizabeth Forsyth, an aide to Mr Asil Nadir, bad no reason to doubt the honesty of the former Polly Peck chair-man, she told an Old Bailey jury yesterday. Giving evidence at her trial. Mrs Forsyth said she got on "very well" with Mr Nadir. "I respected his business acumen. He was a workaholic.

His only interest was his company Polly Peck." she said. Mrs Forsyth, who looked after Mr Nadir's personal financial affairs, denies two charges alleging she handled £400,000 stolen by Mr Nadir from Polly Peck. Earlier, Mr Geoffrey Robertson QC, ber counsel, said Mrs Forsyth knew "absolutely nothing" of the origin of the money when she transferred it through a series of banks in London and Switzerland. The trial cootinues today. John Mason, Law Courts Correspondent

Banks keen on chip cards

Britisb bankers are datermined to press ahead with plans for installing electronic chips on their payment and credit cards, even if declining losses from fraud have redoced the potential gains to be reaped from improved security,

Losses from the fraudulent use of plastic cards fell last year for the third year in a row, dipping 14 per cent to £83.3m - balf the level recorded in 1992 - according to the Association for Payment Clearing Services, the industry grouping.

But efforts are continuing on the development of a standard chip card, which could make cards more difficult to counterfeit and provide more secure methods than a signature for verifying the cardholder's indentity. George Graham

Computer market up 21%

The UK market for personal computers grew by 21 per cent to more than 2.5m machines Compag 15% last year and the value of PC shipments rose by 24 per cent to more than £4.5bn, according 1BM 8% to Romtec, the market research company based in Maidenhead, Berkshire. Rom-Del 7% tec's market monitoring service says that the growth in Apple 5% sales was a crucial factor affecting three specific aspects of PC sales last year. Machines Toshiba 5% hased on Intel's Pentium microprocessor took 34 per

AST 5%

Irish trade boom reaps peace dividend for Ulster

By John Murray Brown in Dublin

The Republic of Ireland last year overtook Italy to become tha UK's sixth most important trade partner, in further evidence of the business impact of tha Northern Ireland peace process.

Two-wey trade was up 15 per The British government yesterday announced details of a £16m subsidy – the first tranche of a £60m (\$92m) procent to £14.5bn last year, according to the latest UK figures. Trade was almost in balance in 1994, but moved back in the UK's favour last

offset the rise in electricity prices in Northern Ireland, The results reflect the growwhich are about 23 per cent ing attractions for UK business of the Irish market, where gross national product grew at Northern Ireland Electricity to an estimated 6.75 per cent last year, the fastest in the Eurocent, bringing the current elec-tricity price rise down to about 2.3 per cent for 1996-97. pean Union. The figures underline the continuing importance for the Irish Republic of the British market, in spite of the recent appreciation of the Irish pound against sterling.

ern Ireland electricity regulator, and follows a report by This week, as Irish punters MPs last December which was critical of NIE, the privatised utility which is the province'a power distributor and biggest flock to Cheltenham for the races, and corporate sponsors brace themselves for the England versus Ireland rugby international at Twickenham, The local electricity users' the republic's trade links with committee said, however, that

"temporary aubsidies from ever. taxpayers will not solve our price problems". Northern Ireland has four

power stations, the biggest owned by British Gas. When the industry was privatised in 1991 the generators

were given inflation-proofed contracts with NIE to April Isolation from the UK, the small size of the market and the need to have a number of

By Michael Cassell **Business Correspondent** generating sets; which reduces the scope for economies of scale, has seen the gap

between prices in the province

and the rest of UK widen fol-

the UK look stronger than The Irish Republic is the UK's biggest market for clothing, footwear and building materials - and only France buys more food from the UK.

cials point to the arrival of the "shibeen" pub concept in the UK, the launch this summer of Tara, a privately run cable television channel to beam RTE Irish programmes, as well as the recent move by Mr Tony O'Reilly, the Irish businessman, to print the Irish Independent in the UK for the first

Irish companies are starting Referring to this Irish idento target the \$30,000 Irish-born tity, Mr Pat Maher of the Irisb residents in the UK. Trade offi-Trade Board in London said: "It used to be the last thing an Irish company wanted to admit to. But now the marketing people say you've got a niche." The UK historically was

ireland's most important market, having been part of a currency union from 1823 until 1979, when the UK left the European Monetary System. Ireland's big foreign-owned

cent higher than in the same same month last year. The biggest growth in traffic

"It's always much sexier to do promotions like Opportunity

of the UK-oriented export sector have been hit by the appreagainst sterling. But the tensions are likely to be exacermonetary union approaches, UK may decide to stay outside.

Trade winds: As Cheltenham racecourse awaited the influx of Irish punters yesterday, winds damaged the Guinness bospitality area multinational sector accounts

One Irish trade official said: Europe."

Certainly the profit margins ciation of the Irisb pound bated as the date for European with Dublin concerned that the

for 80 per cent of Irish exports of IE26bn - 25 per cent going to the UK. But if Ireland's indigenous companies, traditionally

cost, we will gladly pay it."

British and Irish government minis-

ters have been at pains to praise the

loyalists for showing restraint so far.

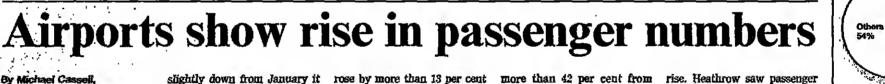
However, there are fears that, in the

In part for historical reasons.

in the labour-intensive foodbased industries, are taken alone, the UK accounts for 40 per cent of Irish shipments, and to emphasise a growing European identity, it has

suited the Irish authorities to play down the UK connection.

PC sales By volume 1995





slightly down from January it rose by more than 13 per cent more than 42 per cent from rise. Heathrow saw passenger was, however, just over 12 per last month compared with the February last year. traffic increase by 9 per cent The airport's growing popu-larity meant that, for the first compared with February last

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Northern Ireland, unlike other UK regions, has not ben-efited from the scrapping of the nuclear levy after the government's decision to privatise the nuclear industry.

lowing privatisation.

Baroness Denton, the Northern Ireland economy minister, said when unveiling the initiative: "The new programme shows what can be achieved through public and private sector co-operation." Northern Ireland has 2,200

MW of generating capacity and a peak demand of just 1,500 MW in the middle of winter. NIE hopes to even out distribution imbalances by restoring the interconnector with the Irish Republic which was blown up by the IRA in the 1970s - and building a link to the UK.

NIE is waiting for approval for an £180m interconnector with Scottish Power, which is ... facing a public inquiry.

a big rise in passenger traffic . in February, compared with February last year, providing increase was accounted for by continuing indications of high the additional day involved in levels of economic activity.

orts in the UK experienced

hy BAA show that the seven airports under its control hanmonth. Although the total was

a leap year. Even so, most big earlier. Passenger numbers on Figures released yesterday airline markets continued to

'month last year'

experience significant growth. UK increased by 17.5 per cent. British Airways - the UK's dled 6.2m passengers last flagship carrier - said last est growth in passenger traffic last month, with an increase of week that its passenger traffic

BAA said that about 4 per last month took place on north time, it has handled than 4m cent of last month's traffic Atlantic routes, where the passengers in a 12-month number of passengers rose 20 per cent compared with a year all long haul routes out of the Stansted achieved the high-

total number of air transport movements - including pasperiod. The total still remains comparatively small, however. Last year Heathrow handled 54m passengers. Gatwick airport recorded a 16 per cent rise in passenger traffic last month while Edin-

seoger and cargo aircraft rose 9.5 per cent in February compared with the same period a year ago. The biggest increases were recorded at Stansted, Gatwick and Edinburgh achieved a 20 per cent burgh.

BAA also reported that the

Multimedia machines accounted for 19 per cent of sales, up from 5 per cent in 1994, and retail shipments grew by 38 per cent, accounting for 14 per cent of all PC sales. In contrast, PCs sold direct claimed 33 per cent of total sales volume, down three points from the previous year, suggesting the sales boom of the early 1990s might be over. Compaq, the world's biggest PC maker, took the biggest slice with a 15 per cent share, followed by IBM with 8 per cent. Paul Taylor

Britain's slowness to cut size of fishing fleet attacked

By Alison Maitland

The UK is lagging behind other EU member states in cutting tha size of its fishing fleat and will have to catch up, Ms Emma Bonino, the European fisheries commissioner, said yesterday.

"In comments likely to fan Eurosceptic anger over tha Common Fisheries Policy, Ms Bonino defended the status quo. "Personally I think tha fisheries policy is a Community policy and we abouldn't 195

tamper with lt," she said. The govarnment'a white paper says that the policy has been unevenly enforced, is inequitable and has failed to curb overfishing. Britain will seek treaty changes to the policy if needed, it says.

'Ms Bonino backed the European Court'a roling last week that Britain must pay damages of up to £30m (\$45.9m) to Spanish fishermen banned from UK waters in 1989 to stop them gaining access to British quo-

says that any citizen who is the vic-tim of discrimination with regard to Community law has a right to compensation."

The commissioner, who is due to meet fishermen in Scotland and south-west England this weekend, said Britain was well behind the target of a 19 per cent fleet reduction which it was meant to achieva by the end of this year as part of EU-wide cuts in fishing capacity. As a result, it was losing out on its

share of Ecul.34bn from the Euro-pean Commission for restructuring The Ministry of Agriculture. Fish-eries and Food confirmed that fleet She said: The ruling is positive. It share of Ecul.34bn from the Euroand moderniaing mamber states' fleets.

Speaking at a press conference transmitted by satellite across the EU, she said British failure to reach the target by the end of the year could lead the Commission to start infringement procedures. This would nal target of 35,000 tonnes. involve the Commission demanding an explanation from the government on fishermen'a success in blocking and taking the UK to the European the government's attempt two years Court if it was not satisfied.

capacity had been cut by only 7 per cent, compared with the 19 per cent cut required between 1992 and the end of this year. About 20,000 tonnes worth of fish-

The ministry blamed the problem

to reduce capacity in earlier rounds, adding to the amount they are now having to cut. Ms Bonino said a fifth round of cuts would be introduced at the end ing vessel capacity remains to be cut by the end of this year of the origi-

of this year running to the end of 1999. She admitted the new targets would cause "social and economic hardship" but said cuts were needed because fish stocks were in "a very ago to introduce limits on the poor state."

amount of time they could spend at

sea, However, Britain, Ireland, Bel-

gium and the Netherlands also failed

cent of the market, up from

just 4 per cent a year earlier.

IGC paper 'defends British interests'

ゆ By John Kampfner, Chief Political Correspondent

A Partnership of Nations, the white paper for which Eurosceptics fought so hard, epitomises the attempts by Mr John Major, the prime minister to straddle his party's divide on Europe.

The 38-page booklet setting out the government's approach to the intergovernmental conference, which begins at the end of the month, mixes praise for the EU's achievements with warnings about its powers.

The most contentious issue the plan for a single currency by 1999 - is not mentioned. This, the government argues, is because it is not a subject for discussion at the IGC.

The essential message of the white paper is that the benefits of EU membership greatly outweigh the disadvantages as long as the bedrock is the nation state rather than any supra-national institution.

The document identifies the main areas in need of reform: Legislative process. The European Commission, it says. has cut down the number of proposals for primary legislation. At the same time, the UK government will seek further means of entrenching subsidiarity - that Brussels should national governments cannot - dency of the union for a year act only in cases when into decision-making

الم بغر تيريخ ولوي مولية

The mildly Euro-sceptical hard-line UK refusal to incorporate the social chapter government white paper on Europe increases the chances of a stalemate in the coming intergovernmental conference and could lead to a political crisis later this year, according to senior diplomats in Brussels, *Lionel Barber writes*.

Despite British protestations, the sentiment among EU countries is that Mr John Major has left himself virtually no room. for compromise at the IGC, in particular _ his opposition to more majority voting. Other potential flashpoints include

Britain'a objection to more powers to the European Parliament; its reluctance to countenance more efficient co-operation on justice and home affairs; and its

 Qualified majority voting. The paper states "there is no question of weakening of this national safeguard", making clear the government will fight any further erosion of the principle of unanimity. It concedes that changes in arrangements for majority voting will have to be discussed in the light of enlargement of the Union. The government believes the larger four states - the UK, France, Germany and Italy - are underrepresented in the present voting system, and that the imbalance will worsen once more small nations join · Presidency. The government sees some attraction in

the idea of three or four member states sharing the presiat a time in an enlarged union. of national parliaments."

on EU employment rights into the new treaty. In the event of a collision this automn.

one option being canvassed in Brussels is to suspend IGC negotiations until after the UK general election which must take place by May 1997.

The second option is to force Mr Major's government to confront the possibility that a group of member states will move ahead on closer political integration without the UK, said a senior EU diplomat.

The drawback is that this could alienate countries such as Denmark, Greece, and Spain which are more sympathetic to Britain's tendency to go it alone, and are

 Commissioners. The government suggests there might be a two-tier commission following enlargement, with larger states have voting members, and smaller states non-voting ones. European Parliament. Some of the strongest criticisms are reserved for the Strasbourg legislature, which tha paper says "still lacks popular respect and affection". It suggests the parliament might do better if it focused on "monitoring and restraining Commureforms are proposed. nity spending" and helping to fight fraud. It adds: "The government does not feel that the Euoprean Parliament needs new powers. Nor do we accept, in a Union of nation states. that the European Parliament can displace the primary role

reluctant to countenance the formation of an exclusive "hard core"

The third, most likely optioo is to "tough out" the IGC and wait for a more amenable UK administration. "The Major government is a hopeless case, a bit like a dying patient in a hospital who you might as well give as much booze and cigarettes as he wants," said one Brussels diplomat. Not all is gloom for the British. The Major government's arguments in favour of a "partnership of nations" will find an echo in Gaullist France. So too, the hostility towards increasing the powers of the European Parliament in "co-decision-making" with the Council of Ministers and the European Commission.

exclusive policy which would replace national foreign policy. • European Court of Justice. On the day the governmeot lost the first round of its chal-Where specific British interests lenge on a Euro-directive setare at stake we shall insist ting out the right to a maxiupon retaining our freedom of mum 48-hour week, criticism of action." Nato remains the keythe court in the white paper stone of European security appears mild. It notes that the • Employment. "It is no UK was referred to the court secret that other member on average five times less often states wish to see the UK's than its neighbours. It adds: social chapter opt out removed "The ECJ safeguards all memat the IGC", the paper states. It sets out what the government ber states by ensuring that partners meet their community sees as the benefits to business obligations." However, several competitiveness of going it alone on employment rights, Common foreign and secuand concludes: "The UK will

rity policy. The paper records not give up its opt-out and canthe successful instances of a not be forced to do so." combined approach, as towards The paper concludes that the the former Communist states government's approach to the of eastern Europe and the Mid-IGC will be "constructive, realdle East. But it stresses such istic and rooted in the British an approach "can never be an national interest".

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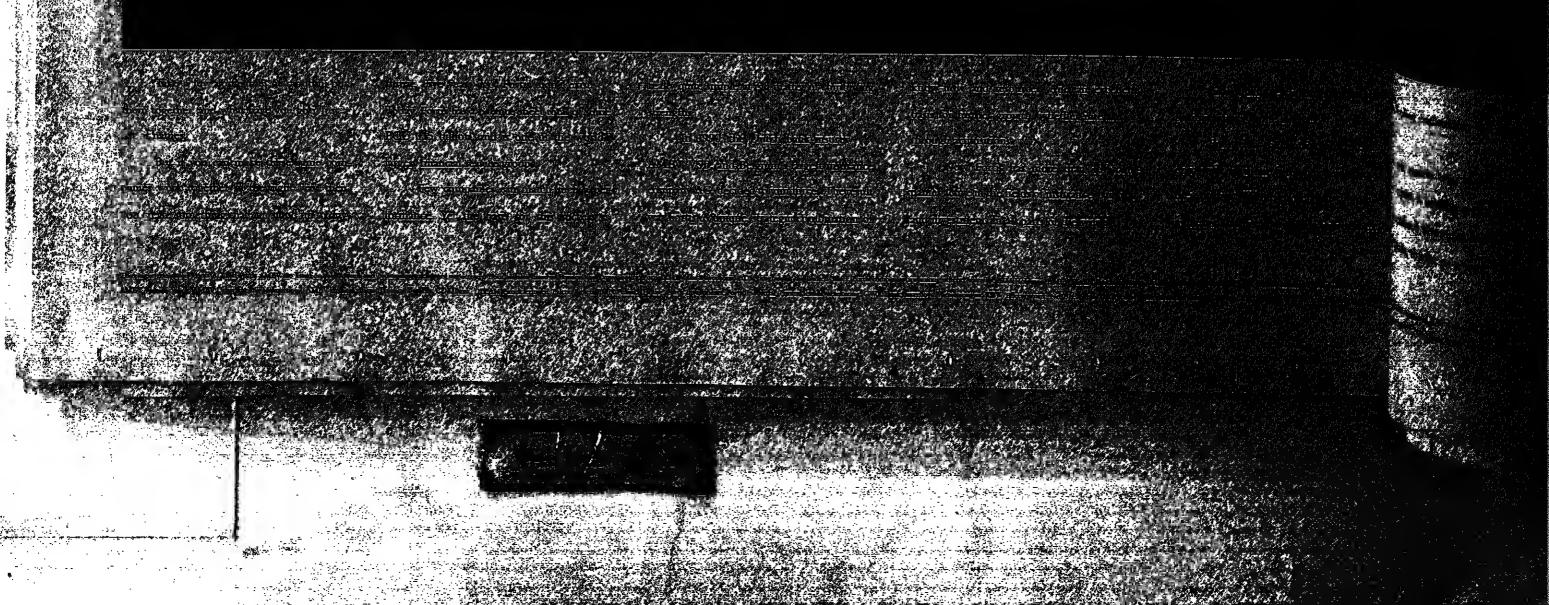
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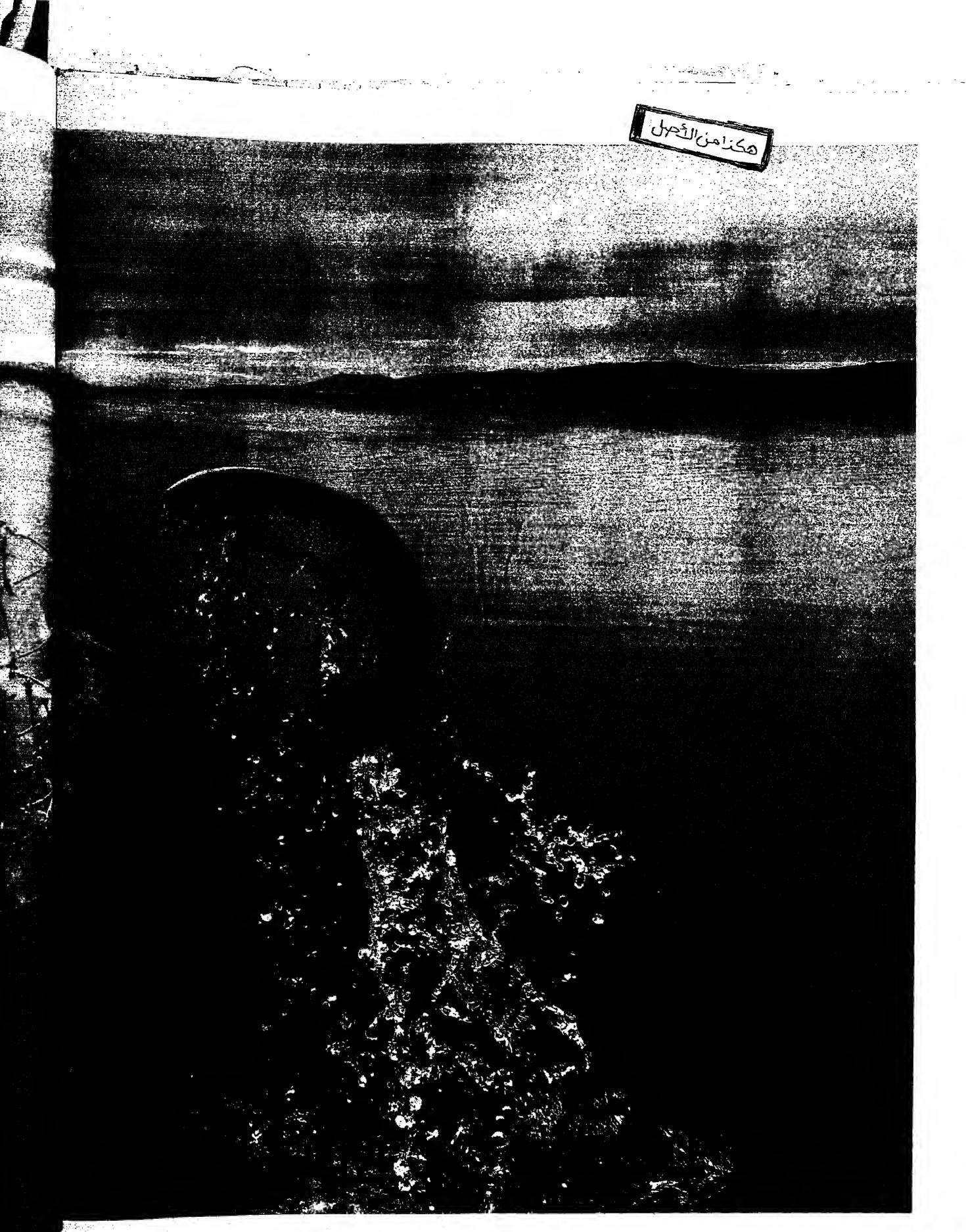
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BUSINESS AND THE ENVIRONMENT

wo documents iesued recently on either side of tbe Atlantic - by Tony Blair, the British Labour party leader, and by President Bill Clinton's Council for Sustainable Development - have a similarly green hue to them.

- 8

The first is a pre-electoral speech made last month on what Lahour would do for the environment if it comes to power. The second, a strategy for the pursuit of environmentally-sustainable development into the next century, was approved by the US president last week. Their common premise is that "greener" can mean "ricber": environmental protection is fully compatible with a thriving economy and social justice.

Despite the Labour leadership's habit of seeking advice from US Democrats on how to get elected, Frank Dobson, Labour's spokesman on the environment, says any similarities between the two programmes are "purely coincidental". The "green" vote in both countries, bowever, makes it perfectly sensible for Labour and the Democrats to position themselves as the environmentally-friendly party in elections due this year in the US and by spring 1997 in Britain.

Environmentally-sustainable development is a notion to which both President Clinton's current administration and the Conservative government in Britain bave already subscribed in theory.

But while skirting around potential problems, both Labour and the Council, which includes four Clinton cabinet members as well as businessmen and environmentalists, have sought to take it forward in practice. The common features of their

new programmes for sustainable development are:

 A stress on social justice – or, as the more cautious US report puts it, equity in pursuing environmental improvements.

According to the US report, "sustainable development can remain remote and theoretical unless it is linked to people's day-to-day lives and seen as relevant to fundamental needs such as jobs, clean air and water and education". Like Labour, the president's Council goes on to stress the benefits of local community action to solve environmental problems. It also details how a number of such projects have worked in the past and suggests ways of stimulating them in future.

But it avoids specific Labour-style commitments on bow environmental justice can create the economic benefits that Blair says are necessary to "take people with" the environmentalist cause, Eager to distance himself from Labour's traditional fears that the environment is bad for employment, Blair promises to create np to 50,000 jobs through a programme to promote **Total US materials use**

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Common agenda

Bill Clinton and Tony Blair have just issued green documents with a similar hue, writes Leyla Boulton

energy efficiency in the home. He does not say how this will he financed although Dobson suggests funding from a future windfall tax on electricity companies.

As the multitude of examples given in both documents suggests from British towns' schemes to reduce car use to Oregon's attempts to devise new environmental indicators - local initiatives can be far more effective in creating environmental benefits than central plan-

 Greater use of market instruments to further environmental goals.

Both parties hide behind the concept of market instruments - incorporating such concepts as tradeable pollution permits, which already exist in the US and are being explored in the UK - to avoid speclfic recommendations on the thorniest issue of all, eco-taxation. The president's Council recommends reforming taxation in order to discourage pollution and waste,

as well as reviewing environmentally-harmful subsidies. But it says the Council has reached "no consensus on specific policy options". David

Buzzelli, the Dow Chemical vice-president who co-chairs the Council, acknowledged the delicacy of the issue when he said that "making a statement linking taxa-tion and pollution, signed by husi-ness leaders and members of the cabinet in an election year, is

already impressive". Taxation of pollution is seen by many economists as one of the most effective ways of reducing noxious air emissions and combatting other environmental problems. It also need not hurt growth and jobs if offset, say, by lower payroll taxes, as the US report recognises in calling for "revenue-neutral" environmental taxation. However, the pre-electoral sbyness of both Labour and Democrats - terrified of being

branded "tax-and-spend" parties by conservative rivals - illustrates the trickiness of selling green policies to voters who like being nice to the environment but prefer not to pay for it.

Blair does not mention taxation. despite calling for a 20 per cent cut in carbon dioxide emissions by 2010 - the sort of target demanded by environmentalists at talks in

Geneva last week. The Lahour leader does not explain how he would deliver such targets but says environmental problems will call for "fine judgments".

In his quest to promote socially-benign environmental protection, Blair also promises to reverse VAT imposed on beating fuel. This was introduced, said the Conservative chancellor Norman Lamont in 1993's March Budget, to curb carbon dioxide emissions and combat global warming. Blair does not believe this to be the real purpose of a tax which hits the poor hardest. But unless Labour is prepared to embrace new eco-taxation, it is hard to see how much further it can go than the Conservatives in pursuing environmental goals,

Jonathon Porritt, one of the more pragmatic UK environmentalists, said the Labour leader's failure to tackle eco-taxation head on was the biggest disappointment of an otherwise encouraging speech. "Blair wants to have it both ways," says Wilfred Beckerman, an Oxford University economist who follows environmental issues closely.

however, a Labour report published shortly before Blair's speech said the party would consider a tax on the depletion of natural resources. New economic indicators to measure environmental well-being.

This sounds good, is in need of development and presents practical nrohlems yet to be overcome. Critlcs such as Beckerman donbt that national accounts can ever be reformed on environmental lines given the difficulty of attaching financial values to environmental banefits such as clean air.

Other economists are ploughing aheed with this work, including initiatives by the United Nations and the World Bank. in spite of the difficulties. The Council on Sustainable Development calls for both a reform of national accounts and the development of corporate environmental accounting practices to help companies "Identify opportunities to reduce both production costs and potential environmental threats".

An important obstacle to or weakness of environmental improvements is a shortage of data and tools to measure their costs and benefits. Anything which improves such information, even if it does not translate into the overnight greening of gross national product calculations, can only sharpen environ-

mental policy-making. • Acknowledging and furthering a fledgling partnership between business, government and environmentalists to promote environmental values after what the president's Council described as 'long years of conflict"

Both Blair and the Council reiterate what many larger companies have already discovered to be true: companies can make considerable cost savings and efficiency improvements by minimising waste and other forms of pollution.

What is less clear is bow far government spending on the environment can achieve savings for society. The answer here is that it can work sometimes, as in the case of public transport highlighted by Blair, Last year a group of busi-nesses endorsed a plan for improving public transport in London and freeing the capital of worsening congestion which costs businesse money in lost time and delayed goods. An emerging but still underused source of environmental information could be a cost-benefit analysis to measure, among other things, the costs and benefits for Londoners of cleaner air. There is still a lot of vagueness in

the UK plan, and many obstacles to carrying out the more detailed US strategy. But their common emphasis on better information, more grass roots involvement and a more constructive relationship with business set an encouraging tone for environmental policy-making in the

Watson in the White House The president's scientific adviser

FINANCIAL TIMES WEDNESDAY MARCH 13-1996

advocates a 'no-regrets' policy

S eventeen per cent of Bangladesh could disappear and forests could shift northwards over the next century in the nightmarish vision of Bob Watson, an Englishman in the White House.

But Watson, scientific adviser to President Bill Clinton, is prepared to admit that he and his colleagues on the International . Panel for Climate Change, set up to investigate global warming on behalf of governments, could be

wrong. For this reason, Watson, who also chairs the IPCC working group on the impacts of climate change caused by greenhouse gases such as carbon dioxide trapping heat in the atmosphere, is advocating a "no-regrets" policy. This would promote ures which will benefit the environment in other ways - for instance by curbing air pollution - even if global warming turns

ont to be a false alarm. He wants industry to consider ways of reducing carbon emissions in an "evolutionary" manner as they replace capital stock. "I'm not asking anyone to shut down fossil fuel plants tomorrow, but there are actions we can take which can hedge against us either overestimating

or underestimating the problem." he says. Over the next three, five or 10 years, his colleagues in the

working group on the science of climate change expect to get a much better understanding of the role of oceans, volcanoes, changing sun temperatures and

other variables. The effects of a doubling of carbon dioxide concentrations over the next century, which could include a big increase in mosquito-borne diseases and killer heat waves, along with benefits such as improved agriculture in the northern hemisphere, could be lesser or greater than expected. They would take place over decade bnt Watson is concerned that they will affect those countries least equipped to adjust to changes with sea-defences, better

healthcare and food imports. Environmentalists are calling for carbon emission reductions of

20 per cent from 1990 levels by 2005 while Germany has proposed a 10 per cent cut by that date and 20 per cent in 2010.

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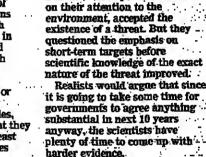
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Watson says a target to reduce emissions by 10 per cent over the next 10 years would have little impact on global warming. But he believes its real benefit would be to "send a signal to the market place" to develop new technologies. ..

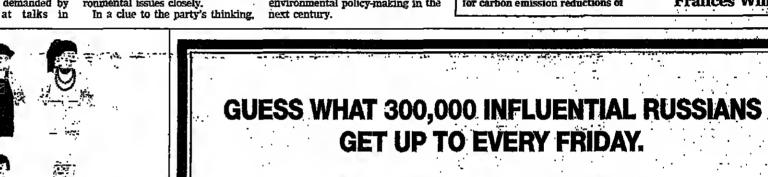
Watson argues that the most efficient way of transferring such technology would be to introduce tradeable pollution permits. This would enable western countries to get credit at home for investing in carbon-reducing technologies in countries least able to afford such investment themselves. Although backed by the US government, this idea has yet to receive the support of other industrialised nations.

Tha doubters emerged in force last week when officials and scientists met in Geneva to .: consider what action governments might take in Tokyo next year in response to the IPCC's latest findings that humans have a "discernible" responsibility for global warming.

A self-styled European Science and Environment Forum challenged what it called an "official consensus" on the science of global warming. It accused the IPCC of using "frighten-them-to-death" tactics to obtain research funds The International Climate Change Partnership, grouping 23 multinationals, such as Dow and DuPont, which pride them

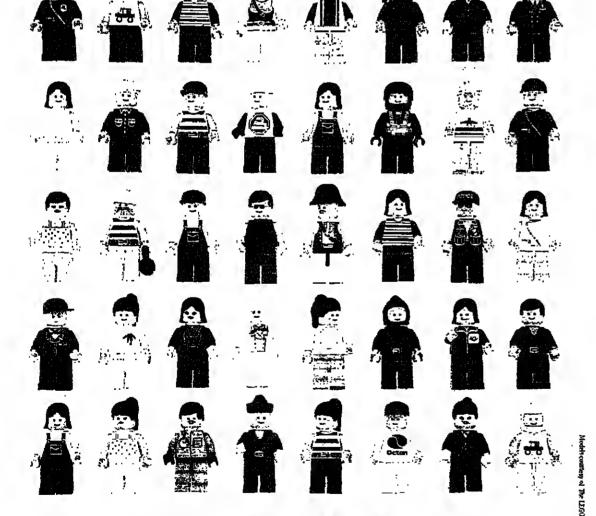


Leyla Boulton **Frances Williams**



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SPOT THE REFUGEE

all gone. They have nothing.

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin. And the real refugee could just as

easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been We're not even asking for money left behind. Home, family, possessions, (though every cent certainly helps). But we are asking that you keep an And nothing is all they'll ever have open mind. And a smile of welcome. unless we all extend a helping hand. It may not seem much. But to a We know you can't give them back refugee it can mean everything. the things that others have taken away. UNHCR is a strictly humanitarian

organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world. **UNHCR Public Information** P.O. Box 2500 1211 Geneva 2, Switzerland

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ARTS

Television/Christopher Dunkley

recent letter accused this column of taking television too seriously: too much about politics, current affairs and heavyweight drama - did I not realise that most people treated the telly as a bit of a laugh? Did I never watch anything just for the fun of it, or, lika nther people, because I was too tired to do any-thing else? My reactions are mixed. British television seems to do politics, current affairs and serious drama rather well; better than television in most other countries, and that seems worth acknowledging and encouraging. At present comedy and light entertainment are not in a very bright patch, so perhaps they have heen receiving less attention than usual. Soap operas, game shows and agony series tend to be ignored here for much the same reasons that the FT book reviewers ignore Mills and Boon romances. On the other hand no one wants to be a

RCH 13 1996

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killioy, and the answer to the second question that people ask television critics at parties ("Can you watch anything for your own pleasure any more?") is yes. But while frivolous programmes may some-times be just the ticket, it is also possible to get pleasure from the serions. Thus, the programme which pleased me most in the past week was a repeat which I saw not for the sake of the joh but because my

Viewing for pleasure wife was watching it: The Rope Of Tutankhamun on Channel 4 on Sunday afternoon. It was a cri de coeur from John Romer who said that most people visiting Egypt doubtless assumed that archaeologists constantly monitored the condition of temples, pyramids and sn nn, and would raise the alarm if damage threatened. In fact, the academics are more concerned with running museums and writ-ing books than with conservation, and consequently the monuments of ancient Egypt are crumbling into the sand. Rom-

er's warning was admirably clear. Earlier in the week I watched the first episode of Morried For Life on ITV because it is an English format version of the American series Married With Children which has often made me helpless with langhter. Difficult to find because it has been shown only late at night and in limited parts of the ITV network, Married With Children treats political correctness, and indeed all trendy American orthodoxies, with contempt. Unfortunately the British version has been miscast with Russ Abbot as the shoe shop assistant. Worse, the dialogue has been emasculated. If in the American original Peggy Bundy ever asked Al in bed whether "Mr Bendy wants to visit snuggle land" it can nnly have been sarcastically, whereas Pam Butler in the English version was required to mean it.

Last week, as in many weeks, I watched Top Gear on BBC2 simply because Jeremy Clarkson's pieces to camera are so amusing. The knowing post-Whicker overstatement which has become his trademark -"See how it revs! That's smoother than the liver pate I had for hunch!" - can be enjoyed without any interest in motor cars. Oddly enough the funniest moment of the week was provided by another motoring commentator. Murray Walker. Some find the high-octane stream of snund coming from his month during grand prix races (not unlike the sound of

the cars themselves) somewhat wearing. I night workers nn the London underfind his enthusiasm eodearing. But it was not the 3.00 am live coverage of the Melbourne Grand Prix on BBC2 which supplied the funny moment, though as it hap-pens I did watch that immediately after watching all 4% hours of the first Saturday night Blue Light Zone containing nothing hut police programmes. The laugh came from a commercial in which Walker follows racing driver Damon Hill into a pizza parlour, commenting loudly on his every move and every hite. It is said that The Blue Light Zone was

originally a joke, suggested inside Channel 4 in response to the question "What can we do after The Red Light Zone?" Unhappily the opening evening made that seem only too likely. The first offering, Subway Cops And The Mole Kings, an account of the troglodyte oddballs who live in the remote nooks and crannies of the New York subway system, was as striking as Molly Dineen's film about the

ground. But the rest looked like a haphazard conglumeration of repeats. Critic or not, I would have watched the 1975 episode of *The Sweeney* to check whether it was as entertaining as memory suggested (it was). However, there seemed little to be gained from the nther repeats, or from the violent and third rate Hong Kong film thriller Rock 'n Roll Cop. Next day I finally found time to play the

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tape of the Omnibus obituary of Peter Cook which had been screened while I was on holiday in December but which friends had reported was funny, containing many clips, yet also sad and honest and altogether pretty good. All of which proved to be true. I also watched Salome's Last Dance on Channel 4 - a movie made in 1988 hy Ken Russell who was one of the heroes of my youth when he was mak-ing films for *Monitor*, predecessor in Omnibus - and wished I had not. Russell's post-1960s career has been as disappointing as Cook's. That day I also managed to catch np nn the previous two episodes nf Our Friends In The North to be ready for

the final episode on Monday. This is another production which would have held my attention regardless of the joh, though as it has progressed the development of historical events has become more interesting than that of the characters. I happen to be the same age as Nicky, Mary, Tosker and Geordie and can match many of their experiences. So there must have been something slightly wrong given that I felt less for them than for Felix and Florrie Hutchinson, Nicky's elderly parents. Few television productions come anywhere near the amhition of Our Friends In The North. It contained nnmerous powerful sequences ranging from the Soho vice stories to the miners' strike, and creator Peter Flannery and the BBC should be saluted for seeing it through. If in the end it did not quite match the clarity of vision and the extraordinary identity of national and individual odyssey achieved in *Heimat*. it is, nevertheless, the only British series which even begins to stand comparison with that amazing German achievement. And the first thing that people say to television critics at parties? "Of course we hardly watch any television at all these days - how can you bear it?"

Ballet **Great Danes** in Sylphide

C cottish Ballet's production of La Sylphide is over 20-years-old and none the worse for that. Indeed, at a time when producers have started revising Bournonville with an enthusiasm usually reserved for muddving the waters of Swan Lake, it is a joy to view this hnnourable production again. It looks as La Sylphide should look; simple and unpretending. It is the purity of the dance and the subtlety of the playing which make sense of its drama, not interpolations and Romantic flummery. The staging was made by that

inspired Bournonvillian, Hans Brenaa. It has been revived by another great authority, Sorella Englund, and at the end of last week brought a further great Dane - Johan Kohborg - as a guest James. And bliss was ours as we watched it on Friday night in Glasgow. Scottish Ballet's artists play every role, nip and drift through every dance, with felicity. The modesty of the production allows Bournonville (and his interpret-ers) to speak. The sylph was the Japanese ballerina, Yurie Shinohara, who offers a sweetly phrased and bnoyantly danced exposition of step and decorous pose. She hovers, and gazes so adoringly at James that he must follow her and must, tragically, desire ber. My only complaint about an otherwise touching reading is that this sprite's death-scene was too agitated. Let Miss Shinohara, if she can, see film of Margrethe Schanne (most sublime of sylphs) whose death was infinitely



from Mark Baldwin, who is now Scot-

tish Ballet's resident choreographer. A

Fond Kiss is set to Stravinsky's Diverti-

mento from "Le Baiser de la fée". I bave

admired the wit and oblique skill with

which Baldwin has made choreography

over the past few years. His realisations

of scores have accmed unexpectedly right, with a sleight of hand that pulls

bouquets from the most unexpected

musical hats. I supposed, at first, that

his view of the divertimentn was

equally off-beat. But the evolutions he

gives a central couple and a subsidiary

Full of Italian spirit

Opera in Cardiff and London

liacci was performed with min-

imal scenery and maximum

concentration, its period updated to the 1930s. This was

a neat trick, to promise a tradi-

tional production in the first

half and then make its flipside

new and adventurous, which

allowed Moshinsky to have his

panettone and eat it. Both

halves were superbly executed.

the stifling atmosphere of the

small community that shuts out those it dislikes. Doors and

window-shutters banged closed

as Anne-Marie Owens's outcast

Santuzza came down the steps

to the village piazza. Vocally

she may not be the raw-voiced

Richard Fairman

reviews 'Cav and

Pag' and 'La

traviata'

Italian dramatic soprano of tra-

dition, but her generous mezzo

extends to both the amplitude

and the top notes for the role.

Peter Sidhom, as Alfio, bel-

lowed convincingly and Menai

In Car he captured perfectly

ments oeed to come right that it is always a bit of a gamble. I hesitate to use the term "lottery" - a dirty word at Weish National Opera at the moment - hut with its new production of Cavalleria rusticano and Pagliacci all the company's numbers bave come

up. For all their supposed popularity Caw and Pag do not get performed that often, at least outside Italy. It is easy to see the thinking that has brought them now to WNO. The company wants to celebrate its 50th season by bringing home some of the illustrious Welsh singers who tour the world's opera-houses, first Bryn Terfel in The Roke's Progress and now Dennis O'Neill to double in the tenor roles of both Cau and Pag - a feat occasionally attempted by Placido Domingo, hut not often hy anybody else. For him, it will have been a strenuous evening, amply rewarded, but the sweat and toil he put into playing these verismo operas was handsomely matched by the rest of the cast. When the WNO chorus is in the lusty form it was here, it is safe to bet the perfor-

ben putting on an the back (the New Theatre is roving troupe of players is opera, so many not exactly well equipped), the coming to your town, be sure disparate ele- curtain rose unexpectedly on to book a seat now. an almost empty stage. Pag-

In hetween his performances of Cav and Pag for WNO Carlo Rizzi is finding the time to dash back and forth for a simultaneous run of La troviata at Covent Garden. It would be easy ~ but untrue to accuse him thereby of selling one or other company short. The opening night of the Verdi on Monday sounded well prepared, even if Rizzi's conducting is inclined to skate precipitately across the surface of the music. His singers sound hustled.

but are light and agile enough to keep up. Andrea Rost, last summer's Violetta at the Salzburg festival, makes an apt match for Rizzi. Her soprano makes up in penetration what it lacks in size. The fast vibrato is not unattractive and, pushed to her limit, she has the hardedged brilliance of a cascade of diamonds. What she lacks is depth of tone, with commensurate depth of character. It is possible to imagine Rost as a Gilda of simple, unblemished purity, hut Violetta has lived and experienced so much more, which one hopes to hear reflected in the singing.

The attraction of this cast is the freshness of young love. Rost's girlish Violetta has an

Johan Kobborg displays every virtue of the Danish school. Bournonville said that dancing was an expression of joy. and to see Kohborg spring into the dance - impelled, it seems, by a tremen-dous surge of happiness - is to under-stand the truth of this. High-flying, cut-31.74 ting steps and phrases with wonderful hrightness of energy, he is an ideal exponent of the role's airy shape. His acting is as yet - he is in his early 20s more decent than inspired, but the character is true, and he will acquire that clarity of feeling (the single potent gesture) which the best Jameses have ever shown. He was at his best, emotionally, with the witch Madge - and here the evening touched greatness. because Sorella Englund took the role.

pathetic in its simplicity.

She is an artist of burning intensity. In earlier times she was a beautiful sylph. Latterly she has assumed (thus do the Danes guarantee the integrity of their Bournonville heritage) character roles. Her Madge is in the finest interpretative traditions of the Royal Danish Ballet, hut it explores and expands them. Englund is beautiful, and there is in this Madge some suggestion that her hatred of James is a passion corroded and turned to evil. Certainly, the

INTERNATIONAL

AMSTERDAM

Karin Lechner: the planist

performs works by Ravel, De Falla

and Granados; 2.15pm; Mar 17

Sumiko Nagaoka: the planist

performs works by Mozart,

Beethoven, Debussy and R.

Schumann; 8.15pm; Mar 16

Tel; 49-30-203092100/01

Ensemble United Berlin: with

conductor Peter Gulke perform

Der fliegende Höllander: by Wagner. Conducted by Sebastian

Deutsche Oper Berlin. Soloists

Lang-Lessing and performed by the

works by Webern and Tuerke:

CONCERT

Beurs van Bertage

Tel: 31-20-6271161

Concertgebouw

Tel: 31-20-5730573

BERLIN

CONCERT

Konzerthaus

7.30pm; Mar 16

Deutsche Oper Berlin

Tel: 49-30-3438401

OPERA

Epitome of the Bournonville style: Johan Kobborg, seen here in 'Napoli'

intense focus of Mme Englund's reading, its venomous humour and sudden towering rage are superb. This Madge is fascinating, and her power is terrifying. She rears to her full height as she turns upon James - a striking cobra - and we know terror ourselves.

It is also an interpretation of ideal proportion: the poles of the action, the Romantic dilemma of unattainable love and the tragedy it begets, are exactly balanced. The evening, in sum was a triumph. A masterpiece of the old ballet was made true and compelling for an audience ~ without compromise - To open the programme, a new ballet

include Bengt Rundgren, Julia Varady and Gerd Brenneis; 7.30pm; Mar 16

BRUSSELS CONCERT

Théâtre Royal de la Monnaie Tel: 32-2-2291200 Thomas Mohr: accompanied by planist Thomas Paim. The bartone performs songs by Grieg, R. Schumann, Brahma, R. Strauss and Wolf; 8pm; Mar 15.

DANCE Kasitheater Tel: 32-2-2015959 Mikrokosmos: a choreography by Anne Teresa De Keersmaeker to music by Bartók and Ligeti, performed by Rosas; 8pm; Mar 12, 13, 14, 15, 16

CHICAGO

OPERA Civic Opera House & Civic Theatre Tel: 1-312-332-2244 Götterdämmerung: by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago. Soloists include Eva Marton, Siegfried Jerusalem, Matti Salminen and Alan Held; 5.30pm; Mar 16

COLOGNE

CONCERT Kölner Philharmonie Tel: 49-221-2040820 Gidon Kremer, Mischa Maisky and Valery Atanassiev: the violinist, cellist and planist perform works by Shostakovich; 8pm; Mar 14 DANCE

Opernhaus Tel: 49-221-2218240 Goya: a choreography by Jochen

Uirich to music by Bo Verspaendonck, performed by the Tanz-Forum Köln; 7.30pm; Mar 14

DRESDEN

DANCE Sächsische Staatsoper Dresden Tel: 49-351-49110 Romeo und Julia: a choreography by Thoss to music by Prokofiev, performed by the Baliet Dresden; 7pm; Mar 15, 16

GHENT

EXHIBITION Museum voor Sierkunst Tel: 32-9-2256678 Deense Keramiek: exhibition of Danish ceramics from the collection of the Museum Boymans-van Beuningen in Rotterdam and a private collection; from Mar 15 to May 5

HAMBURG

OPERA Hamburgische Staatsoper Tel: 49-40-351721 Der Wildschutz by Lortzing. Conducted by Gregor Bühl and performed by the Hamburg Oper. Soloists include Klaus Häger, Peter Galliard and Gabriele Rossmanith; 7.30pm; Mar 14, 16

LONDON CONCERT

Barbican Hall Tel: 44-171-6388891 The Mozart Festival Orchestra: with conductor lan Watson, violinist Anthony Marwood and trumpeter Crispian Steele Perkins perform works by J. S. Bach, Albinoni,

group of 12 dancers look cussed, as if Newcastle and Hull, during March and movement in an academic style does April. Check on casting. Pachelbel, Vivaldi and Handel; 8pm; Mar 16

not come easily to him. He provides

dance that seeks to be jokey and seems merely ill-at-ease. The choreography

might have been intended for Danses

Concertantes: the emotional, Tchaikov-

skian world of Baiser is lost. Receiving

its second performance on Friday, the

piece did not sit happily on its cast, who were in no way helped by Jacque-

line Hancher's black and white outfits

that aimed, unhelpfully, at "fashion".

EXHIBITION Tate Gallery Tel: 44-171-8878000 Colin Self: exhibition surveying the work of this British artist, one of the founders of Pop Art; to Mar 17

LOS ANGELES EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-857-6000 American Paintings in Southern California Collections: this exhibition celebrates the taste and foresight of local collectors of American art with 75 paintings spanning 150 years; from Mar 17 to May 26

MAASTRICHT ART & ANTIQUE FAIR MECC Tel: 31-43-3838383 The European Fine Art Fair: more than 160 art dealers from Europe, the United States and Hong Kong present highlights of their collection; to Mar 17

Alice Tully Hall Tel: 1-212-875-5050 Paul Groves: accompanied by pianist James Levine. The tenor performs songs by Bellini, Debussy and R. Schumann; 8pm; Mar 17 Carnegie Hall Tel: 1-212-247-7800 Bruce Ford: accompanied by pianist Warren Jones. The tenor performs songs by Bellini, Beethoven, Britten, Duparc and Rossini: 8pm: Mar 15 The New York Pops: with music director Skitch Henderson and The Blue Hill Troupe, Inc.

musical director, Carlo Rizzi, seems to have instilled confidence all round and the result was a sturdily played perfor-

mance is going to go right. The

mance, hursting with Italian spirit - even if the orchestra clowns' roving theatre drives did not need to remind us that into town with a lively band of performers, including Sidhom's leering Tonio and Rosalind it can make enough noise to fill a higger theatre (should the Cardiff Bay Opera House ever Sutherland, who throws heart and soul into her portrayal of low-grade, flirty Nedda, Her get huilt).

It is worth bearing in mind that Mascagni and Leoncavallo never intended their two duets with Jason Howard's Silvio crackled with sexuality, operas, dubbed "the heavenly not least because Sutherland's twins", to he performed soprano goes into overdrive together. In recent years there whenever it heads above the stave. Moshinsky managed the has been a trend towards findclowns' knife edge interplay ing some link between them. but WNO's producer, Elijah between comedy and tragedy Moshinsky, decided to take the hrilliantly. opposite route and show how O'Neill was first among equals. different they can he. For the For once the two tenor roles Mascagni, he and his designer. Micbael Yeargan, stuck with genuinely seemed to be differtheatrical realism and a street ent people: his Turiddu in Cau in a sun-haked Sicilian village was a careless cad, his Canio in the 1890s, where the locals in Pag a loving husband under smoulder over matters of bonstress being driven to the bot-

Scottish Ballet tours this programme our and jealously. tie, and in both he gave gener-Then, after a 40-minute interto Edinburgh, Aberdeen, Inverness, ously of himself, as always. val for dismantling the set and The Pagliacci, in particular, is a strong show: if WNO's own dumping it in the car park at

Juilliard String Quartet: perform

works by Beethoven; 8pm; Mar 15

Conducted by Donald Runnicles and

Metropolitan Opera Hnuse

performed by the Metropolitan

Norske Opera Tel: 47-22-429475

performed by the Norwegian National Opera; 7pm; Mar 14

Mysteries: by Kvandal.
 Conducted by Kjell Ingebretsen and

Opera; 8.30pm; Mar 15, 20

Salome: by R. Strauss.

Tel: 1-212-362-6000

PARIS

Théâtre du Châtelet

OPERA

OPERA

OPERA

pay tribute to Gilbert and Sullivan; performed by the Opera di Roma; 8pm; Mar 15 The Metropolitan Museum of Art Tel: 1-212-879-5500 8.30pm; Mar 14, 18 (6pm), 19

STOCKHOLM OPERA

Kungliga Teatern - Royal Swedis Opera House Tei: 46-8-7914300 La Traviata: by Verdi. Conducte by Kjell Ingebretsen and performed by the Royal Opera Stockholm; 7.30pm; Mar 15

VIENNA

CONCERT Konzerthaus Tel: 43-1-7121211 Ernst Kovacic and Thomas Larcher: the violinist and the pianis perform works by Neuwirth, Cerha, Krenek, Antheil and Hartzell; 7,30pm; Mar 17 Musikverein Tel: 43-1-5058681 Heinrich Schliff: the cellist performs suites by J. S. Bach; 7.30pm; Mar 17 OPERA Wiener Staatsoper Tel: 43-1-514442960

Maria Stuarda: by Donizetti. Conducted by Jan Latham-König and performed by the Wiener Staatsoper; 7.30pm; Mar 14

WASHINGTON MUSICAL

Fnrd's Theatre Tel: 1-202-347-4833 The Fantasticks: by Tom Jones, with music by Harvey Schmidt. Directed by Michael Raiford. The cast includes Joe Sears, Jaston Williams, Mark Aldrich, Kevin Balley and Julian Brightman; Tue to Sun 7.30pm, Thur also 1pm, Sun also 3pm; from Mar 16 to Jun 30 (not Mon)

Davies's tlght-lipped old Mamma Lucia added a brilliant cameo, In Pagliacci the clapped-out old Ford that serves as the

unaffected young suitor in Ramon Vargas, who would rather stand around looking touchingly lost on stage than going through the practised routines. He wisely does not press his warm lyric tenor and sings with affection and just a touch of individuality, a welcome house debut. Carlos Alvarez reveals a fine Verdi baritone, both nohle and even. as Giorgio Germont, hut keeps any strong feelings he may have about the role to himself. The smaller roles offer a representative sample of English voices and accents. With Richard Eyre's production still as

In this company Dennis impressive visually as when it was new, everything looks good.

> WNO on tour at the Bristol **Hippodrome** this week, then in London at the Royal Opera Bouse March 20 to 22. Sponsored by The Friends of WNO. Performances of 'La traviata' continue in repertory at Covent Garden until March 29.

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	10.00 European Money Wheel Nonstop live coverage until 14.00 of European business and tha financial markets
	17.30 Financial Times Business Tonight
	Midnight

Financial Times Business

Tonight

12

Tel: 33-1 42 33 00 00 Don Carlos: by Verdi. Conducted by Antonio Pappano and performed by the Opéra de Châtelet; 6.30pm; Mar 16 ROME CONCERT Accademia Nazionale di Santa Cecilla Tel: 39-6-3611064

 Un' Incoronazione Veneziana del 1595: by Gabriell. Performed by the Gabrieli Consort & Players; 8.45pm; Mar 15 **OPERA** Teatro dell Opera di Roma Tel: 39-6-481601

Il matrimonio segreto: by Cimarosa. Conducted by Lū Jia and

- - ------

NEW YORK CONCERT

COMMENT & ANALYSIS

As foreign exchange turnover grows profits are under pressure, says Philip Gawith

be dramatic growth in the world's foreign exchaoge markets cootinues unabated. Turnover grew by 13.2 per cent a year in the three years to April 1995, according to the Basle-based Bank for Interna tioual Settlements, reaching \$1.230bu (£804bn) a day.

10

But results released over the past month by the leading foreren exchange banks in the US and Europe show that profits have failed to grow commensurately. While the figures are better than those for 1994, they have yet to return to the levels achieved in 1993.

With increasingly stringent capital adequacy requirements set by the BIS. banks must now set aside more capital to cover the risk of lesses. Foreign exchange managers bave therefore heeo forced to start focusing on the capital they use and shift the emphasis from revenues to returns.

It is a case of "trading more enioving it less," says Mr John Leonard, baoking analyst at Salomon Brothers in Loudon.

The steady growth in foreign exchange turnover reflects the relentless growth in world trade and huge movements of capital fuelled by the ending of exchange controls and increased cross-border investment. Businesses are also making greater use of foreign exchange markets to reduce their exposure to volatile floatlog exchange rates, while the increased activities of US invesiment banks and hedge funds is contributing to the growth of the market.

Although noue of these trends looks likely to be reversed, bauks involved in foreign exchange dealiog are under pressure in the three main sectors: customer business, marketmaking and proprietary trading.

On customer business where the banks are providing services for customers with cross-border trade or lovestments - margins are under pressure as new extrants try to win a sbare of the market.

Some, like Deutsche Bank. are seeking to develop a foreign exchange business to complement other services such as investment banking and fund management, US investment banks such as Merrill Lynch are keen to get a stake in foreign exchange where commercial banks are cominant. Increased competition is also More trade means less enjoyment

1993

267

566

359

615

298

468

995

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1994

136

525

286

522

237

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131

1992

ate (5/5Fr : 1.18)

1995

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eroding margins in market- anism when currencies had to be maintained within narrow making, where cheaper technology now allows information to be shared more widely. If every dealer has much the banks to defend currencies that were believed to be oversame information at the same valued - as they did during the time, there are fewer profitable 1992-93 crises. ERM exchange trading opportunities.

The pressure oo margins has side of the central rate by up to also inteosified with the advent of electronic broking, banks intervene. which allows small hanks that previously traded in foreign exchange through larger banks

to trade directly. There was always a risk that success was going to backfire on us, and it has," says the head of foreign exchange at money, and the ceotral hanks one of the banks which has sponsored EBS, a successful paid for it." In Europe aod elsewhere, ceotral banks have also made electronic broking system. clear their commitment to On proprietary tradiog, opportunities for windfall profreducing exchange rate volatility. This bas been partly its have also become fewer particularly as European govachieved through increased economic convergence hetween ernments have removed the sitting targets presented by the

334

528

239

545

246

215

289

709

85

Daily foreign exchange turnover in the top centres

510

678

457

641

300

327

476

1,005

262

European exchange rate mech-

US dollar equivalent (Sm

HSBC Holding

NatiVest

SankAmerica

UBS

Chase

Chemical

Citicorp

500

400

300

200

100

UK

Source Bank for Inte

J.P. Morgan

Foreign exchange revenue

exploit Even when central banks bands. Speculators could make have decided to defend currenmoney by forcing central

cies, they have heen more adept. In 1995, for example, the US Treasury waited until the dollar had stopped falling rates can now fluctuate either before intervening to support

lo per ceot before central Central banks bave got back in control," says Mr "Central banks were paying the speculators to try and hold David Adamson, head of global foreign exchange at Chase in exchange rates at levals that Loodon. "They are taking back were unsustainable," says Mr what they lost in 1993. If cen-Paul Wincbester of NatWest tral banks are taking, someone else is losing. Markets. "Markets made

Old hands also say that increasingly quick and sophis-ticated markets mean fewer trading opportunities. "It's like football." says Mr Rob Loewy, head of foreign axchange at HSBC Markets in London. "In the old days games used to end 5-4, with lots of opportunities. leading industrial countries, Now you are lucky if you get a leaving fewer stressas on 1-0 result.

Trading opportunities remain - huge sums, for exam-ple, were lost and won as the dollar first fell, then recovered, sharply against the yen during 1994-95. But the appetite to risk large sums of capital pursuing such opportunities is almost certainly not what it was back in 1993.

The banks have responded to the tougher operating eovironment in several ways. One is consolidation. Rationalisation of foreign exchange trading to share overheads has formed an important part of larger banking mergers, such as those hetween HSBC and Midland and Chase Manhattan and Chemical Bank.

This process has been encouraged by the trend among large customers to reduce sharply the number of banks they use. One of the largest UK companies, for example, has cut the number of banks it uses for foreign exchange from 50 to around 20. This makes it increasingly important for banks to make It into the "first division". Those outside this top group are increasingly feeling the squeeze, often being forced to pare their global ambitions.

A second response to tougher trading conditions has heen to work harder to develop a strong customer hase. This means, for example, having suitable expertise in products such as options and other derivatives. It also means tailoring products to customers' needs exchange rates for traders to "In order to build a success-

ful foreign exchange business. you have got to add value for your clieots," says Mr Julian Simmonds, head of global foreign exchange at Citibank, the largest foreign exchange bank in the world. A third response is to cen-

tralise foreign exchange trading in a few centres, with hubs in each of the three main time zones: the US. Europe and the Far East. This saves oo costs. while also providing a flow of information from around the world which generates proprietary trading opportunities. Other offices are relegated to making prices only in the domestic currency of the country they are in, with other prices set in the regional hub.

Finally growth in global trade and capital flows has led to a natural increase in emerging market currency activity. where better margins are often still available to banks. Mr Loewy estimates that about 10 per cent of his London dealing room is now devoted to emerging market currencies - np from 1 per cent two years ago.

ne consequence of concentration in the industry has been a loss of liquidity in the market - the ability to transact sizeable volumes without moving the price significantly.

"Toe maximum amount you can do at any one time is less than it was," says Mr Loewy of HSBC. "There is not the spread of houses that you can call." Declining corporate activity has also been a contributing

factor. A recent survey by Greenwich Associates, a US financial markets consultancy, found that the foreign exchange trading volume of the typical North American company fell by nearly 15 per cent between 1994 and 1995.

"Much greater depth of understanding is required to make money than in the 1980s," says Mr Loewy. "The market is simply more competitive and efficient. A lot more toil is involved."

Endowed with too much controversy

Sheeby: BAT sponsoring chair

account of the sins of his fore-

Oxford has had several such

controversies in recent years.

A Robert Maxwell fellowship

at Balliol attracted adverse

comment after the controver-

sial millionaire publisher dis-

appeared. Student sensibilities were

also offended by the universi-

ty's Rnpert Murdoch profes-

sorship in media studies,

launched three years ago. But Cambridge has also

touched a similar nerve with

the announcement last week

of its new Sir Patrick Sheehy

Relations. BAT Industries. the

tobacco conglomerate which

Sir Patrick chaired until the

end of last year, is sponsoring

the chair as part of its £3m

Sir David Williams, Cam-

bridge vice-chancellor. said he

was "delighted" to bonour Sir Patrick who had "made an

outstanding contribution in

the field of international rela-

tions". But others were more

concerned hy Sir Patrick's contribution to tobacco sales.

Health, which represents pro-

fessionals in the National

Health Service, said Cam-

bridge had "destroyed its rep-

The Association of Public

annual education budget.

sorship of international

fathers.

Businesses wishing to sponsor higher education can face questions on how money was raised

Universitias are under pressure from the government to raise a much greater share of their funds from industry and the private sector. But there may be limits, as both Oxford and Cambridge have discovered in the last month. Both have provoked furious

dissension by endowing pro-fessorships in the name of geoerous but controversial usinessmen. In both cases, the decisions have been challenged on ethical grounds. throwing a spotlight on how the businesses had raised their money. At Oxford, the storm has

been stirred up by a proposal to endow a Professorship of European Thought at Balliol College in the name of Dr Gert-Rudolph Flick, grandson of Friedrich Flick, a Nazt arms manufacturer. The university appointed an ethics committee to conduct a ninemonth investigation into Dr Flick's wealth, and concluded that the funds had not been derived from the profits made by his grandfather.

It did, however, re-name the professorship. Originally to be called the Flick professorship, it is now named after Gert-Rudolph. Beyond that, the university said yesterday it had no intention of withdrawing the professorship. Mr David Selbourne, a political theorist and Balliol graduate, has taken the lead in opposing the professorship, calling for the college to have the "moral courage" to reject the endowment. "Respect for the shades of Friedrich Flick's slave lahourers - of whom tens of thousands died demands no less," he says.

utation as a serious centre of At the forefront of those medical excellence by associadefending the chair is Lord Weidenfeld, the publisher who ting itself in this way with tobacco - the most dangerous is a survivor of the Holocaust. product ever invented for peacetime use" Having played a part in attracting the funding, he Suggesting that the university would next honour the leader of a Colombian cocaine says it would be unfair to ostracise Gert-Rudolpb on

cartel, the association added: No serious student of medicine will want to join a university which is now forever linked with a product which causes one in three of all cancer deaths in the UK."

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Incidents like this are likely to become more trequent in future as universities reli ance on private income grows Most universities now have specialist departments dedi cated in attracting private funding, in an attempt to ensure some immunity from the government's tightening funding regime. Mr Patrick Coldstream, o

the Committee for Industry and Higher Education, a body that brings together busines executives and university vice-chancellors, estimates that total direct spending hy industry on universities is now running at about £350m each year. It is back to record levels after dipping during the early years of the recession.

Ten years ago, a large pro portion of husiness support for higher education was paid directly to students in bursaries from individual employers. But the emphasis has now switched to research funding, including an increasing share for "contract research", where universities undertake a specific commis sion for a company.

Howevar, it is noticeable that business sponsorship no longer seems to stir passions among students. The National Union of Students says it would prefer all funding to come from the governmen "in an ideal world", but acknowledges that students are "too worried about their own finances" to engage beavily in the debate.

But the danger that an endowment will draw the limelight onto corporate activ ities is unlikely to encourage corporate generosity. The fact that the anger is more likaly to come from alumni and professionals with an axe to grind than idealistic young students only adds to the donor's dilemma.

John Authers



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•LETTERS TO THE EDITOR Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Valuable support for Ukraine Misguided exchange From Mr Luis Marco.

Sir, in his personal view

25 per cent to the subscribed and disbursed capitals of IMF and International Bank for trade and establishing links with the Ukrainian Reconstruction and economic operators and Development ("serious opinion leaders, not to mention efforts in the transport and donors", according to Dr energy sectors, including in Aslund), and more than 50 per the Chernobyl decomissioning cent (jointly with the European and funding alternative power Commission and the European Investment Bank) to the stations. Ukrainian progress, and that European Bank for of western businesses in Ukraine, would be unthinkable Reconstruction and Development's equity, which are the instrumental tools in without EU's ongoing support. assisting Ukraine through As for the show business of EU ministers, I recognise that grants, equity and corporate and project financing. The Commission is also Europeans are not as good as ministers from other areas. Finally, Dr Aslund is quoted by Mr John Thornhill supporting Ukraine's balance of payments, although not as much as US financiers would ("Vote-hungry Yeltsin talks like. tough on tariffs", March 6) as Although I could point to saying that, "in the case of more than a couple of unmitigated disasters in alcohol, there is clearly a good argument for raising import assistance from the EU, the tariffs [in Russia]". main point of Tacis, the largest I believe Dr Aslund is rightly d (together with Phare) technical-assistance protectionist on vodka. programme in the history of Luis Marco. ternational co-operation, is CEO, Secofisa. countries contribute more than its immense value at opening Madrid

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From Mr Steve H. Hanke, Sir, Mr John Barham's

informative account of the ambitious economic goals presented by Turkey's new government ("Turks Await Financial Miracle", March 8) fails to mention the Achilles' heel of the Turkish strategy. The government has stated that it wants to follow a so-called "realistic exchange rate policy" in which the depreciation of the lira is kept in line with inflation. A policy of managing the lira's exchange rate in order to stabilise the real exchange rate is misguided, in principle. The real exchange rate cannot he targeted with monetary policy, because it is a real and not a nominal variable. As a practical matter, the Turks should know this, Indeed, they attempted real exchange rate targeting from January to September 1995, with disastrous re-

Steve Hanke, professor of applied economics. The John Hopkins University, Baltimore. Maryland, US

sults

rate policy Curtain Of Europe", January 23) Dr Anders Aslund deplores 'how little the EU has contributed to [the stabilisation] process [of the Ukrainian economy as]...EU ministers ... are bogged down in hureaucratic decision making and ... collective parochialism ... [and the EU is] an example to justify protectionism, regulations and subsidies". He then sweepingly dismisses EU's assistance to Ukraine through Tacis (Ecu52m in 1995) as 'ungenerous" and "spent on employing EU consultants ... (whose) nationality is far more important than what they achieve". I should have expected someone from the European Council and the European Commission to take the floor

Important European issues at stake

From Mr John Parfitt. Sir, With reference to the article "A Euro-stalemate", March 8, there are many arguments about closer ties with Europe which need to be explored. Indeed, it is a pity

and point out that EU

that we have left it so late. For Mr Stephens to dismiss those who doubt the benefits of such ties as a "barmy army of anti-Europeans" debases the language and is surely unworthy of a newspaper of

record. Should do better I think John Parfitt,

St Andrews, New St. Glos GL6 6UN, UK

Foolish to forego benefits of intra-EU exchange rates

From Mr David Boal, Sir, Sixten Korkman makes a laudable attempt at a balanced assessment of the case for a single EU currency ("A More Balanced Picture", March 8). However, he fails to realise fully the significance of his admission that "some countries ... might want to remain outside [the currency union | until they have become more integrated into the European economy and increased the flexibility of their labour markets". If we had an EU single

curreocy zooe then goods prices, wages, proper rents and the return on capital would continue to vary regionally, as they do in that regionally

diverse single currency zone, the US. The American comparison is instructive: because there are no intra-US exchange rates to allocate resources among regions, the resources must move to exploit regional price differences. Hence mohility of labour is an important condition for efficient resource allocation. In the US, labour mobility is facilitated by common language, culture and legal system, and a single nationality. Europe lacks these, hence - except among a multi-lingual elite - the EU doesn't have a functional single labour market. This is why intra-EU exchange rates are beneficial

and not just for "peripheral" economies: the persistence of high unemployment in France suggests that "core" EU economies also suffer from the inflexible labour markets which Sixten Korkman accepts are an impediment to Emu mambership. Flexible intra-EU exchange rstes remain necessary to offset not just "asymmetric shocks" but also the changing pattern of geographical advantage or the tendency of national governments to subsidise inefficient enterprises. If we stop these exchange rates operating, then, because our labour forces are not mobile, there will be a welfare loss: unemployment will tend

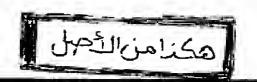
to rise and persist in particular regions; to prevent this, or pay for it without higher budget deficite, state subsidies or . taxes will have to rise.

Of course, we can continue to work toward the ideals of a single nationality and a single labour market in the EU. But until French farmers are willing to re-train for electronics assembly in Ireland or unemployed Spanish car workers are willing to move to -Japanese firms in England, we would be foolish to forego the benefits of a system of flexible intra-EU exchange rates.

David Boal: Primrose Ridge. Sarrey, UK

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday March 13 1996

Mr Major's EU tightrope

Yesterday's white paper on the UK approach to European Union reforms says more about the government's domestic dilemma than it does about the real oeeds of an enlarged EU in the next century. This was inevitable, given the Conservatives wafer-thin majority and the stridency of the Eurosceptical camp. But within those conas good e job as it can of identify-ing its priorities at the intergovernmental conference.

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Mr John Major's room for man-oeuvre, and indeed his bargaining strength at the European table, has been squeezed by pressure from those Tories who want noth-ing less than a substantial unravelling of the Maastricht treaty.

Bold moves in the other direction, such as extending the competence of EU institutions to foreign and home affairs, were never likely to feature on the Britisb agenda because Tory and Labour alike oppose them. Bnt a more confident UK government would be hinting that in return for some flexibility by its partners, London might soften its position on major-ity voting - for example, by aban-doning the veto in relatively uncontroversial areas like research. Yet for domestic reasons, Mr Major has been obliged to rule this out in advance.

Precisely because it cannot offer much in exchange, the govern-ment has been forced to keep its own demands on its European partners to the minimum, But some of the proposals in the white paper are reasonable ones.

Domestic lobbies

In calling for some limit to the retroactive effect of decisions hy the European Court, the government has common sense on its side. The same applies to its suggestion that a distinction be made hetween manifest violations of European law, and unintentional infringements that were committed in good faith. Such proposals may in the longer term serve to enhance the tribunal's credibility.

Two of the paper's proposals effect the concerns of domestic reflect the conc

the sort of aspirations that a secure and flexible UK government could pursue more easily than a severely constrained one; as things stand, Mr Major will have to count on his EU partners to show understanding of his domestic problems. For a document so carefully

crafted, the white paper seems short on proposals for preparing the EU to incorporate new mem-bers, which is one of the main stated purposes of the IGC. On key institutional questions such as reforming the Commission and the EU presidency, the paper merely sketches out some options. Bnt on inspection, it does deal with two problems which enlargement poses.

Voting weights

It repeats earlier calls for a revision of voting weights in favour of larger states, and it suggests that the principle of subsidiarity be further entrenched in the treaty. These are both questions which have to be addressed before the EU's heavyweight members can accept the dilution of their own power which expansion would otherwise portend. By concentrating on these mod-

est proposals, the government hopes to limit the scope of the IGC, avoid a row with its EU partners and ensure its own survival until next year. But its prospects for success on the second and third fronts remain doubtful.

The government can claim with some justification that since 1991, when the IGC was conceived, both France and Germany have bowed to reality and narrowed the scope of their short-term aims. But it remains the case that French and German ideas abont the EU's long-term future are sharply at odds with those of Britain. It is hard to predict whether this gap will widen or narrow over time: this will depend, among other things, on the success or failure of monetary union. But if, as seems likely, the UK

vision of Europe continues to differ fundamentally from that of its partners, then yesterday's white Turkey's new government has a shaky parliamentary base and may not be able to tackle urgent reforms, says Edward Mortimer

A marriage of convenience

As of yesterday, Turkey at last has a government enjoying the confidence of its new parliament, elected on December 24. It brings together the country's two main centre-right, or liberal-conservative, parties: the True Path Party (DYP) led by Mrs Tansu Ciller, the outgo-ing prime minister, and the Motherland Party (Anap) of Mr Mesut Yilmaz, who takes her place until the end of this year. Sncb a coalition bas been

strongly desired by Turkey's business elite, and its western allies, since the election in 1991 left neither party with an overall majority. Unhappily, it may have come too late. Had it been formed at any time between 1991 and 1995, it would have had a comfortable majority. Now it is a minority government. Yesterday's vote in parliament passed only thanks to the abstention of the party led by Mr Bülent Ecevit, the veteran leftwing leader. Mr Ecevit explains that he wanted to avert two other outcomes: a prolonging of the crisis "when the country is beset by very urgent internal and external prob-lems"; or the formation of a govern-ment headed by the Islamic populist Welfare (Refah) party. It emerged from the election as Turkey's largest, with 21 per cent of the popular vote; and in mid-February its leader, Mr Necmettin Erbakan, appeared close to agreement on a coalition with Mr Yilmaz.

Mr Ecevit's fears that such a government would gravely endanger Turkey's secular tradition are shared by the "great majority" of Turkish people, he claims. But, be adds, his agreement to

abstain is "not binding in future". "We shall fulfil our responsibilities as an opposition party." According to one of his advisers, the party has agreed to abstain in further votes this year "unless any draft law goes against our principles". This does not augur well for

reform of the ruinously expensive social security system, which Mrs Ciller says is "a must" if the economic reform programme she started is to be completed. Nor does it offer any guarantee that the new government can survive beyond the end of the year, when Mrs Ciller is snpposed to resume the premiership. The agreement purports to run for a full five years, with Mr



Mesut Yilmaz





ning such measures. But they were conspicuously absent from the new government's programme, and will not easily win consensus in a cabi-net that includes Mr Mehmet Agar, a former police chief, as minister of justice, and Mr Unal Erkan, former 'supergovernor" of the south-east, as a minister of state. They will be firmly opposed, too, by President Demirel, who told me last week he would challenge any attempt to change the law on this point in the constitutional court: "I am here to defend the unity of the country'

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Mrs Ciller, interviewed at the weekend, said cautiously that any such measures "must be on an individual not a regional basis", and must benefit all ethnic groups equally. She also claimed the war in the south-east had been effectively won, and the PKK had withdrawn into northern Iraq because they had oo support among the population.

That sounds grotesque to anyone who has actually visited the population. Earlier the same day 1 had been listening, in a filthy shantytown on the outskirts of Diyarbakir, to the complaints of people whose village had been burnt by the Turk-ish army after they fied from it, refusing conscription as "village guards". They had oo work, oo electricity, and only a standpipe in the street for running water. And there are many thousands like them. The PKK, these people told me,

was "fighting for the rights of the Kurds - and we are Kurds bere", They did not want "a separate Kurdistan" but their rights as Kurds within Turkey, including a Kurdish TV channel. Nor did they have any quarrel with the PKK's methods. officially described as "terrorist". They blamed everything on the gov-ernment and army, which Mr Demi-

rel insists is "protecting" them. Two days earlier, in a dingy courtroom in Istanbul, I bad listened to Yaşar Kemal, Turkey's most famous writer, also of Kurdish origin, insisting on his right "not to use the state terminology". He described the PKK as "guerrillas", and accused the state of fighting them with methods worse than those used by Hitler against the French Resistance.

Despite the prosecutor's demand for an acquittal, the state security court gave Mr Kemal a 20-month suspended sentence for "inciting the people to hatred and enmity and making separatist propaganda". Mr Yilmaz apparently took this verdict, on the day he took office as prime minister, as a direct challenge to his He was much more "conservative", authority. 'Yasar Kemal is an old friend of mine," he told parliament on Sunday. "I know that be does oot harbour bad intentions, such as the breaking-up of our country. If a par-ticular law has caused him to be convicted, then that law needs to be reviewed again by the Assembly." But can Mr Yilmaz persuade his coalition partners to vote for a further change in such laws, already modified last year to belp secure the European Parliament's consent to the EU-Turkey customs union? It is far from certain. And it is even less likely he will dare confront the ultimate taboo, by taking up the PKK's offer of talks Yet such talks were suggested a year ago by Mr Korkut Ozal, the late president's brother, who is now a senior and much respected Anap MP. And he is encouraged by the distance Mr Yilmaz has already moved towards his position. Attitudes are changing at last, he says, "after so much bloodshed and - I'm sorry to say it - after we destroyed the area".



lobbies: the call for treaty amendments to uphold animal welfare, and "if peeded" to change the fisheries policy. These are precisely

paper was merely one more step along a tightrope from which the government is bound, soover or later, to fall,

Germany is not working

When Germany catches a cold, the whole of Europe sneezes. This winter, Germany has caught a severe chill. This does more than pose a challenge to the country's policymakers, husinesses and trade unions. It also jeopardises plans for starting European economic and monetary union in 1999.

On a seasonally unadjusted basis, unemployment reached a record level of 4.3m or I1.1 per cent of the labour force last month. But the truth is worse than this. With a further 1.5m people kept off the register by early retirement, short-time working and similar expedients, Germany's overall unemployment is close to 15 per cent of the labour force. In the fourth quarter of 1995,

GDP shrank by 0.4 per cent to give growth of 1.9 per cent year-onyear. Unfortunately, the economy may shrink further in the first quarter of this year. It would then be in recession on one standard measure: that of two successive quarters of negative economic growth.

Mr Günter Regrodt, the economics minister, did insist last week that "there is no question of a slide into recession or zero growth this year." He could well be proved wrong, and even he admitted that the recovery he expects "will not be sufficient for a fundamental improvement in the labour market"

Industry worse

To appreciate the state of the German economy, it is necessary to step back a little. GDP rose by only 5.4 per cent between the second quarter of 1991 and the last quarter of 1995. The performance of industry, the motor of the economy, has been markedly worse, with ontput 7 per cent lower in January than five years before. Since manufacturing generates 35 per cent of employment, an exceptionally high share for an advanced industrial country, it is hardly surprising that the employment record has been poor.

What lies behind the abortion of the recovery of 1994 and early 1995? A part of the explanation must be the strength of the D-Mark, itself partly a consequence of the unintended tightness of monetary policy between country's economic failings.

mid-1994 and mid-1995. Between December 1994 and and April 1995 the Bank of England's measure of the nominal effective exchange rate appreciated by 6.6 per cent. Since April, however, it has depreciated once more, by 3.8 per cent. To help ease monetary conditions, the Bundesbank has low

ered interest rates fairly aggres sively since late 1994, reducing its repurchase (or "repo") rate from 4.85 to 3.3 per cent. This has, in turn, helped generate renewed growth in broad money (M3) which expanded at an annualised rate of 5% per cent between July and December 1995. Since inflation is now running below the Bundes bank's target rate of 2 per cent, it is no obstacle to further easing. The behaviour of longer-term interest rates could well be, however: the yield on ten-year bonds has risen from 5.8 per cent to 6.6 per cent since mid-January.

Structural problem

Yet it would be quite wrong to focus only on counter-cyclical policy since Germany has a serious structural problem as well. The principal response has been the government's 50-point employment programme, which embodies a series of supply-side reforms including deregulation, reform of corporate taxation and incentives for company start-ups. It also aims to price workers into jobs by reducing high, non-wage labour costs, such as social security contributions, generous holidays and generous sickness pay. It is ques-tionable whether this is radical enough. It may also not be

enacted. Yet if Germany is not able in secure rapid growth and lower unemployment quite soon, it will fail to meet the Maastricht treaty requirement of a general government fiscal deficit of 3 per cent of GDP this year, or in 1997, at least without further fiscal measures. It would then be forced either to rule itself out of Emu or to agree to a loosening of the fiscal criteria that it has itself insisted on.

What is happening now to the German economy poses more than a purely economic challenge. If performance does not improve, Mr Helmut Kohl will find his European dream punctured by his own

Yilmaz returning to office in 1999 and an unnamed DYP member not Mrs Ciller - taking over for the run-up to the next election in 2000. But few people outside the leaders' immediate circle even pretend to believe it will last that long. The two parties have almost iden-

tical economic programmes, committed to an open economy and a drastically slimmed public sector. Bnt they have been hitter rivals since the DYP emerged in the mid-1980s as a vehicle for the comeback of Mr Süleyman Demirel, the conservative prime minister deposed by the 1960 military coup. Mr Demirel could not forgive

Anap'a founder, the late Turgut Ozal, for exploiting the coup's aftermath to build a new conservative party and seize the premiership. Mr Ozal became president in 1989,

but Mr Demirel came back as prime minister in 1991 and has been president since Mr Ozal's death in 1993. Their rivalry was inherited by Mrs Ciller and Mr Yilmaz, who until three weeks ago were exchanging vicious public insults. And the animosity extends further down in

both parties. Many Anap members remain hitter about the hounding of some of their ministers oo corruption charges by the DYP after the change of government in 1991, and had looked forward to repaying Mrs Ciller in kind. Eighty per cent of Anap MPs, according to one estimate, are unbappy at being forced into partnership with former foes,

Many would have preferred a coalition with Refah, which has gained a reputatioo for efficient administration in the city halls it captured two years ago, including Ankara and Istanbul. Few take Mr Erbakan's economic proposals which include a single currency for the Moslem world, the "Islamic

dinar" - very seriously, but many Anap members would not have minded him as a coalition partner, provided the economic ministries were kept out of his hands.

"Many Anap voters are very close to Refah," claims Mr Abdullah Gül, a leading Refah MP. "From the outside. Anap may look like a liberal party, but it's really a conservative one." He means "conservative" in a social sense, implying respect for

Islamic tradition, or "family values". In Mr Demirel's time, the DYP was seen as conservative in this sense, but Mrs Ciller, as Turkey's first woman prime minister, has given it a more "liberal" image modern, urban and socially emancipated. Many educated women voted for her because they saw her as a bulwark against Islamic reaction.

ut "conservative" can also mean faithful to the statist, secular traditioo established by the founder of the republic, Mustafa Kemal Atatürk. In that context, "liberal" means pluralist or tolerant of divergences. including those in an Islamic direc-

In this sense, Anap is more liberal than the DYP. Turgut Ozal, especially in his last years, encouraged debate on formerly taboo subjects such as the role of the military, the virtues of the later Ottoman empire, and the existence of a Kurdish Identity.

Until recently, Mr Yilmaz was seen as oot living up to this legacy.

meaning respectful of state ideology and institutions. But he is now showing a more "liberal" side. His willingness to explore a coalitioo with Refah could be seen in that light, though in the end he aban-doned it under pressure from husioess leaders, the media and almost certainly - though no politician will admit it - from the armed forces. Some Anap members, such as Mr

Abdülkadir Aksu, the most prominent Kurd in the new government. say Refah would bave been an easier partner in the search for a solution to the 12-year-old war in the south-east against the Kurdish Workers' Party (PKK). Mr Aksu is oow minister of state in charge of GAP, the \$32bo hydroelectric and irrigation scheme which is snpposed to be transforming the arid south-east's economic fortunes. But he believes the campaign to win Kurdish hearts and minds should also include cultural measures such as allowing education and TV

broadcasts in the Kurdish language. in a newspaper interview last week, Mr Yilmaz said he was plan-

OBSERVER

boys team up .Trust the Teamsters to get

nasty. Wearing its pension fund hat, the US trade union has just put out a list of what it reckons are America's least valuable company directors.

Top of the list is Frank Carlucci, Ronald Reagan's one-time defence secretary. Carlucci sits on the boards of 14 companies, three of which - Upjohn, Westinghouse and the off group Ashland - are identified as lonsy financial Performers. Next comes Vernon Jordan, the

black Washington super-lawyer and friend of Bill Clinton. He sits on 11 boards, including such household names as American Express and Xerox. He provides legal services to seven of them thus risking conflicts of interest. In the case of four - Bankers Trust. Corning, Dow Jones and Union . Carbide - he missed three quarters of the board meetings. The directors picked out - by supposedly objective screening of company performance - turn out

to be remarkably inter-connected. Frank Carlucci sits on the Westinghouse board with its chief. executive, Michael Jordan, Michael Jordan sits on the United Negro College Fand board with Vernon Jordan, who is on the American Express board with Drew Lewis, the chief executive of Union

The good ole' Pacific. And Drew Lewis is on the board of FPL, the Florida electrical utility. For some bizarre reason, the FPL board turns out to contain no fewer than five of the 23 directors picked out in the study. Who said the old-boy network was dead?

Hustle hustle

Germany's youngest top Bundesbanker looks set to join the private sector. Gerd Häusler, 44, is moving from the grey slab-like headquarters of the powerful central bank at the edge of Frankfurt. His likely destination is Dresdner Bank's sleek silver tower. Both banks are so far being discreet, as is Hausler, conveniently on boliday.

But a directorship at Germany's second biggest commercial bank would chime in with his ambitions and high profile in world capital markets. He recently became a member of the Washington-based. high-level financial think-tank, the Group of 30. Before scaling the heights of the Bundeshank's central directorate. Hausler headed its credit department. Before that, he was personal assistant to former

president Kařl-Otto Pöhl, who also left central banking to head the country's biggest private bank. Sal Oppenheim.

Finent in French and English he spent a year at high school in San Francisco – the basketball-playing Häusler, whose

current Bundesbank responsibilities include foreign exchange and personnel, has been an energetic promoter of liberalisation in the German capital market. Dresdner will no doubt encourage him to continue his efforts, from the other side of the fence.

Atlanta shoot-out

In the US, Georgia's attorney-general has caused jitters in high places by claiming that crime in Atlanta, which hosts this year's summer Olympic Games. may be worse than in Saraievo. the Bosnian capital that hosted the 1984 winter Olympics.

"T'd have to say Atlanta's almost a war zone," attorney-general Michael Bowers said yesterday. "I imagine over the past 30 days we've had more murders in Atlanta than Sarajevo."

Mayor Bill Campbell was hugely irked by the comment, claiming that "the facts are that the crime rate in downtown [Atlanla] is at its lowest level since 1986. I doubt Mr Bowers has ever been to Sarajevo. And I assume he is not spending much time in downtown Atlanta. Not if he knows what's good for հմոր

Inappropriate tone Bow to stand out from the pack? Thet's the conundrum facing

bidders for the intenselv competitive Czech mobile telephone licence.

A consortium called AnoFon, led by AirTouch of the US, has a solution. AirTouch says it will donate \$10,000 to Prague City Hall to spend on the famous astrological clock in Old Town Square - but only if AnoFon wins the licence, to be awarded in the next few days. AirTouch executives yesterday denied that the offer was a "sweetener" aimed at enhancing their chances. Vern Tyerman, AirTouch vice-president for European affairs, said the loot would be part of an attempt to beighten AnoFon's name recognition - if they wan. So doesn't that mean no licence, no money? "I guess an AnoFon

recognition [drive] would look pretty silly if we were to lose the contest." Tyerman observed. Very fishy

A generous admission from Emma Bonino, the EU's fisheries commissioner, that she can't work miracles.

Yesterday she explained to hacks why badly depleted fish stocks meant the need for another painful round of cuts in the EU's fishing fleet: "Two thousand years ago there was someone who multiplied the fish, which I can't unfortunately do." Much more of this frankness and she'll be out of a job.

100 years ago Turkey and the powers The "Figaro's" Constantinople

Financial Times

correspondent telegraphs that ministerial changes are preparing there which, if carried out, will have the most serious consequences for Turkey and Europe alike. The Sultan is credited with the intention of appointing as Minister of War Shakir Pasha, now High Commissioner in Anatolia, and against whose actions all the Powers have been forced to protest. Selim Effetah Melkham, formerly Director of the Public Debt and the implacable enemy of European financiers in Constantinople, is to go to the Ministry of Finance.

50 years ago

West African gold shares The West African gold-mining industry, which for more than a decade had an unbroken record of expansion, felt the impact of war severely. Gold Coast production, which in 1930 was no more than 218,000 ozs and rose steadily during the 30's to a peak of 382,000 ozs in 1941, has since declined sharply. It was possible at the beginning of war more than to maintain the overall level of gold production. But the situation could not continue, and the introduction of the concentration scheme in the early part of 1943 was perhaps imavoidable.

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Welcome to the hearth of London. Radisson FDWARDIAN

FINANCIAL TIMES Wednesday March 13 1996



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Arab leaders seek renewed Middle East peace talks **US and Israel call for** global 'anti-terror' pact

By David Gardner in Sharm el-Sheikh

The US and Israel pressed for greater international intelligencesharing to counter terrorism, as world leaders began arriving yesterday for a summit in Egypt in response to four devastating suicide bombings in israel.

But Arab leaders fought to widen the "anti-terror" focus of the meeting at the Red Sea resort of Sharm el-Sheikh, and commit participants to pushing ahead with the Middle East peace effort they believe Israel is pulling back from after the bomhings. The 29-nation summit, chaired

by President Hosni Mubarak of Egypt and US president Bill Clin-ton, will be attended hy leaders including President Boris Yeltsin of Russia, German chancellor Helmut Kohl, French presideot Jacques Chirac, and Mr John Major, the UK prime minister.

Mr Shimon Peres, the Israeli prime minister and Mr Yassir Arafat, president of the autonomous Palestinian Authority, will also attend. The Hamas Islamist movement, which claimed responsibility for the attacks,

the need for full compliance with the 1993 Oslo peace accords between Israel and the Palestinyesterday offered talks with Israel, the US and the Palestinian Authority, but did not offer to stop action. The proposal was ians. Mr Arafat, in particular, rejected by Israel.

will be pursuing Israell commit-ments to lift the blockade of Pal-At the summit, the US and Israel want participants to conestinian towns and villages in demn terrorism, forge a new recognition of his security forces' international agreement on the prosecution of terrorists and crackdown on Hamas. Arah leaders also want to urge their supporters, and share informovement on the Syria-Israel mation on terror networks. European diplomats said inteltrack of the peace process, stalled hecause Damascus wants the Israelis to pledge a full withligence operatives were likely to drawal from the occupied Golan exchange information away from Heights as the price for normal diplomatic and commercial rela-tions. Syria, which hosts both secular and Islamist opponents of the main talks. Washington also wants to single out Iran as the "godfather" of terrorism in the Middle East, though no evidence the Oslo accords, is boycotting has been produced linking Tehthe summit.

Israeli officials said they expec-Mr Amr Moussa, the Egyptian foreign minister, stressed yester-day that "this is a political meetted Mr Warren Christopher, the US secretary of state, to stay in Israel after the summit to pre-pare a formal US-Israel defence ing", not a mere anti-terror summit. "There has been no suggestion so far of singling out pact. The pact would be signed when Mr Peres visits Washington any country," as sponsors of ter-ror attacks, "but we'll cross that next month ahead of Israeli elechridge when we come to lt," he tions on May 29 and would include a US commitment to safesaid. guard Israeli security interests.

UK under pressure over Palestinian aid, Page 4

Hopes of German recovery damped by imports plunge

December.

.

Egypt, with strong Arah back-

ing, wants the summit to stress

ran to Hamas.

By Peter Norman in Bonn

German exports have finally fallen victim to last spring's sharp increase in the value of the D-Mark, registering a year-on-year fall in December for the first time last year. But the December trade surplus of DM7bn (\$4.7bn) was up on that of a year earlier, reflecting an even sharper fall in imports as the domestic economy contracted.

Statistics office officials said the export downturn was a delayed response to last year's sharp increase in the value of the D-Mark. It cast doubt on government hopes that exports would support German economic activ-Ity this year at a time of weak consumer demand and investment.

According to the federal statistics office yesterday, visible exports fell to DM61.6bn in December last year from DM65.5bn in November and were

2.7 per cent below the DM63.3bn year as a whole, the current December 1994, Imports account deficit fell to DM24.8bn declined to DM54.6hn in Decem-ber from DM55.3bn the previous from DM34.7bn in 1994. The Ifo economic research institute in Munich yesterday month and were 6.9 per cent lower than the DM58.6bn of cast a further dampener on hopes December 1994. that the economy would stage a

As a result, December's trade significant recovery this year. A survey of 350 mainly large west-ern German industrial companies indicated that they would increase production by less than surplus was lower than Novem-ber's DM10.2bn but higher than the DM4.7hn of the previous Germany's visible trade surper cent this year, compared

with expectations of a 2 per cent rise in 1996 when the companies were polled last summer. For 1997, the companies envisaged plus increased to DM93.4bn last year from DM73.3hn in 1994 as exports rose 5.4 per cent to DM727.6hn from DM690.6hn and ontput growth of only 1.25 per imports advanced 2.7 per cent to DM634.2bn from DM617.3bn.

After deducting net investment These reduced expectations coincided with official figures income together with the balance of trade in services and net transshowing that bankruptcies and fers, Germany's current account liquidations reached record levels balance of payments recorded a provisional DM3.5bn deficit in in both western and eastern Germany last year. December after a DM400m surplus in November and a DM4bn deficit in December 1994. For last

Election juggernaut, Page 2 **Editorial Comment**, Page 22

Euro Disney plans \$980m new town near Paris theme park

By Andrew Jack in Paris

Euro Disney, operator of the Paris-based theme park, plans to develop an ambitious new town including a shopping mall, houses and leisure facilities on the outskirts of its existing site. The development would be one of the last on such a scale to be approved in France, since the government is debating the introduction of tighter curbs on top of an existing freeze on new large-scale retail centres.

By 2000, Euro Disney plans to open a 90,000 square-metre shop-ping mall which it hopes will attract some 150 shops, with an estimated catchment area of

400,000 people. The company will decide within the next few weeks on an "anchor" hypermarket to take a large space in the mall, and on the appointment of a property development company to manage the site.

The town, to he called "Val d'Europe", will encompass 1,500 homes, nearly 370,000 square metres allocated for husinesses, as well as public facilities, hotels and restaurants. A second campus of the local university of Marne La Vallée may also be located at the site. The aim is to create more than 2,000 jobs. The move represents a signifi-cant diversification of the group away from its traditional theme park activities, and is said to be the first new town in France in which the initiation has been which the initiative has been largely taken by a developer from the private sector.

Executives from Euro Disney Development, the 30-strong real estate arm of the group, are set to unveil details of the plans today at Mipim, the international property profession's annual conference held in Cannes.

Total development costs will top FFr5hn francs (\$980m), but Euro Disney, which has limited funds after its financial restructuring in 1994, will provide less than FFr100m. The rest will be

leveraged" from other investors. Euro Disney will be responsible for the overall layout of the town. and for ensuring a consistent architectural style - including a maximum height restriction of four storeys. Its income will come from a mixture of land sales and leases linked to turnover on commercial premises.

THE LEX COLUMN Telekom's sales pitch

The latest slippage in Doutsche Telekom's sales hy comparison with management forecasts is embarrassing. Quite apart from the fact that profits will be depressed as a result, the implication is that Telekom's management is inclined to over-optimistic predictions. That is worrying, given that the state-owned monopoly is about to be plunged into the icy waters of competition, where over-con-

fident forecasts will cost it dear. How much damage the sales slip-page will cause to Telekom's planned flotation later this year is unclear. In determining its value, the most important figure will be the group's operating cash flow. Indeed, there will be precious little worth to Telekom's equity unless last year's cash flow -which has yet to be published - was close to DMS0bn (\$20.2bn).

Such a figure, equating to 45 per cent of its DM66bn sales, may seem enormous. But such are Telekom's obligations that a lower figure would rapidly be eaten up. First, the group needs to pay interest on its mind-boggling DM100hn in net debt. Second, it has to finance capital expenditure. Investment has fallen from recent lev-els, as the cost of building a network in eastern Germany has passed its peak. But it probably cannot be cut much below last year's DM14bn, espe-cially since Telekom has just promised the government that it will accelerate the digitilisation of its network. Third, Telekom will have to pay corporation tax for the first time from this year. Finally, once all this is spent, there will be the small matter of dividends again a new concept for Telekom.

Online services

The explosive advance of the Internet, where people can roam for free, was supposed to kill off commercial online services which charge. Ironically, online services are turning out to be the biggest beneficiaries of the battle of the "browsers" - the software used to surf the Internet. Netscape and Microsoft have been so anxious to build up market share for their rival browsers that they have fallen over themselves to sign up the two largest online companies, America Online (AOL) and Compuserve. While commercial details have not been revealed, there are suggestions that the online companies are being paid -

What this underlines is that, despit having less content and higher charges than the Web, the online services still add value. This is mainly because their content is well-organised rather than chaotic; they are sleek



street bazaar. In an electronic world,

are remaining competitive is by allow-ing their customers to wander out of ing their customers to wander out of their shopping centres into the bazaar. But the real importance of AOL's lat-est string of deals is that it is also seeking to attract people from the bazaar into its shopping centre. Nets-cape will give access to AOL from its Weth site, the Internet's most visited; Microsoft will hundle AOL access into the next version of its dominant Windows operating system; and AT&T will give customers of its new Internet service cut-price access to AOL. With such a vote of confidence, no wonder AOL's share price is soaring.

Prudential

Mr Peter Davis, Prudential Corporation's chief executive, has enjoyed a remarkable honeymoon since he took over: the Pru's shares have outperformed the market hy 20 per cent. The difficult decisions, though, are about to begin.

Mr Davis has plenty to crow about: yesterday's results were well above expectations. But underlying growth earnings per share remains an unexciting 9 per cent. And although the Pru is belatedly planning to follow its peers in trying to pin down the ownership of its "orphan assets" - a big surplus built up over decades, a chunk of which arguably belongs to shareholders - this will take time. Protracted negotiations with the government are needed.

It is not surprising, therefore, that Mr Davis is itching to do a big deal. Buying a big mutual insurer, for instance, could provide a highly efficient use of some of the surplus in the

Pru'a life fund. The potential for econ omies in merging two life insurers ought to be considerable. And if the Pru makes its move before too many Pru makes its move before too many insurers start to demutualise, it abould be able to pick up a bargain. But buying a bank or building soci-ety is a much more doubtful proposi-tion. Prices are high, and the outlook

for retail banking margins is grim. The Pru would risk buying at the top of the market, and would be taking on a branch network at a time when such networks are having to shrink. Mr Davis is right to search for a deal

which would deliver a step change in the Pru's performance. But when it comes to the hype surrounding con-vergence in financial services, pruence should be his watchword.

TI Group

After GKN's excellent results last week, TI took up the baton for UK engineers yesterday. In relatively flat markets, the group produced a 10 per cent sales increase and an impressive 20 per cent improvement in underly-ing profits for 1995. Over the past three years II has demonstrated its ability to generate decent organic growth. And cash flow, historically one of its weaknesses, has improved markedly under Mr Brian Walsh, Sance dimeter This methods in has finance director. This combination has propelled the shares to a 20 per cent premium to the market.

What can TI do for an encore? The group has three very strong businesses in mechanical seals, automo-tive tubing and aircraft landing-gear. But these markets are largely mature and aerospace is highly cyclical, though 1997 and 1998 should benefit from a rebound in aircraft production. Margins are already high – at John Crane seals they are 16 per cent. And while TT's recipe of winning market share through better service and value-added products has proved very successful, the group's long-term growth rate is probably no more than

5-10 per cent a year. The obvious way to add extra spar-kle is through acquisitions; now that it has net cash, the group should put its balance sheet to work. However, TI must be careful not to imperil its hardwon premium rating by buying lower quality businesses or overpaying. TT's management certainly deserves inves-tors' confidence, but Siebe and Smiths Industries, which are both trading on similar multiples, have a better record in buying and integrating bolt-on acruisitions.

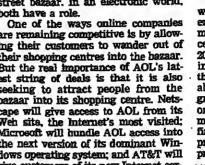
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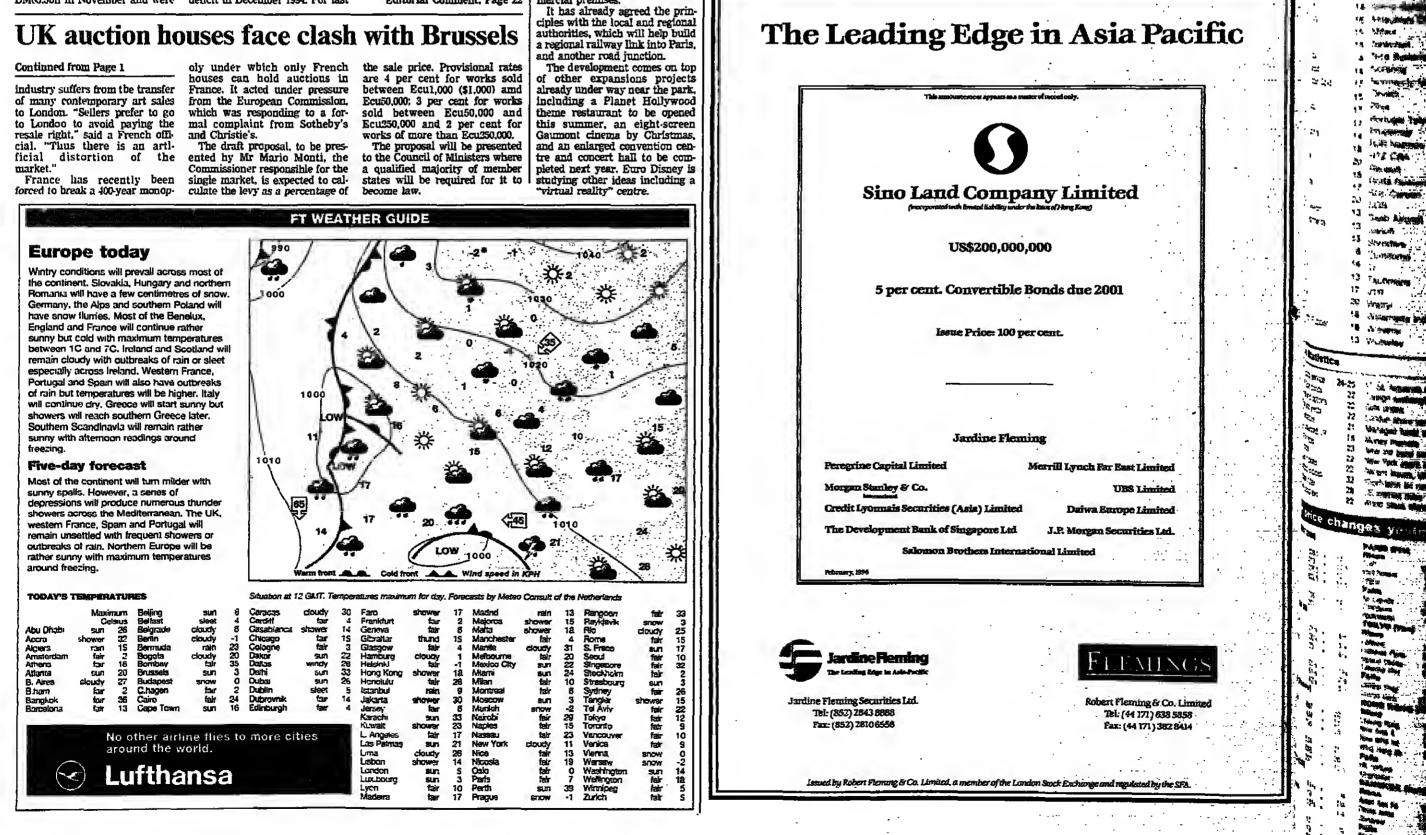
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Caixa in talks to acquire Atlántico

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BRITAIN'S INTERNATIONAL TRUCK MANUFACTURER

Caiza Catalunya, Spain's third-largest savings bank, is negotiating the acquisition of Banco Atlan-tico, a leading Barcelona-based bank, for a reported Pta60bn (\$480m). The acquisition would represent the biggest domestic takeover of a private bank by a Savings institution. Atlantico is controlled by Saudi Arabla's Arab Banking Corneration. Page 14 Saudi Arabia's Arab Banking Corporation. Page 14

Gamzzo makes comeback at Oilvetti Mr Giorgio Garuzzo, who resigned last month as chief operating officer of Fiat, the Italian industrial group, was welcomed back to Olivetti as deputy chairman of the Italian computer company. Mr Gar-uzzo, who began his carear with Olivetti in 1962, will be responsible for daveloping "strategies and alliances at group level". Page 14

BASF eyes Japanese drugs acquisition BASF, the German chemicals company, is to acquire a Japanese drugs company, with the aim of

building a 1 per cent share in the world's second largest drugs market. BASF already has links with Japanese drugs companies, and did not say when the acquisition would be announced. Page 15

Aga rises 22% after Avesta sale

A shift to gas-based technologies in industries as diverse as paper-making and food processing belped Aga, the Swedish industrial gas group, increased underlying profits 22 per cent last year to SKr2.1bn (\$309m). Pre-tax earnings were further inflated by a SKr601m gain from the sale of shares in Avesta Sheffield, the Anglo-Swedish steel group Page 15

Japanese resin producers to merge

Japan Synthetic Rubber, Japan's largest producer of plastic resin, is to merge its resin division with Mitsubishi Chemical, the country's leading chemicals group and third largest resin producer, to counter weak domestic demand and increased competition from foreign producers. The pair said they would form the joint venture in July. Page 16

MGM sale expected to raise \$1.5bn

The sale by international auction of Metro-Goldwyn-Mayer, a refurbished remnant of Hollywood's glory days, was officially opened by the Laz-ard Fréres investment bank. The French-owned company is expected to fetch between \$1.5bn and \$2.5bn after bidding closes later this year. Page 17

Clash Joons over Nabisco break-up vote A dispute looks set to break out over the means used by corporate raiders Mr Bennett LeBow and Mr Carl Icahn last month in their bid to win share-holder support for a break-up of RJR Nabisco, the US tobacco and food group. An independent inspec-tion of voting slips is said to have indicated that Mr LeBow lost the vote by a narrow margin, contradicting claims that he had won. Page 17

Pru jumps on hopes of life fund move Shareholders in Prudential Corporation, the UK's largest life assurer, could gain access to some of

Deutsche Telekom sales fail to meet forecast

By Michael Lindemann in Bonn results are expected in early Deutsche Telekom, the German

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CTHE FINANCIAL TIMES LIMITED 1996

months ago.

June. The privatisation process telecoms group poised for privatisation, announced that its 1995 begins next month with a series sales had risen only 4 per cent to DM66bn (\$44.5bn), about DM2bn of roadshow presentations, and culminates in November with a lower than forecasts made nine listing in Frankfurt and on sevaral other bourses.

The company declined to explain the shortfall, insisting that the figures, announced Mr Ron Sommer, chief executive, also warned that both sales and profits this year would fall by an unspecified sum because ahead of the Ceblt computer trade fair in Hanover, were pre-liminary. "Sales are not falling," the company would be subject to a DM7.5bn charge for value

the company said. Final 1995 added tax, which it would not be investment bank. "They also able to pass on to clients. Further reductions in the cost of long distance calls, to be introduced on July I, would "significantly dent

FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday March 13 1996

because of increased competition, the Deutsche Telekom figures reflected badly on the company. "The sales figures ... don't bode well for longer term prospects," said one analyst at a London

underline the need for Deutsche Telekom to stop making overenthusiastic predictions."

وكنامنالأحهل

At its annual results meeting last June, Deutsche Telekom said 1995 sales would rise 6 per cent to DM68bn, a forecast which was revised to DM67bn in October. DM108bn, in part because person-nel costs had fallen after the company shed more than 15,000 employees last year. It was also

benefitting from increased competition among suppliers, which had forced costs down, and had scaled back its own investments

in eastern Germany. Mr Sommer said the company was reorganising its activities into nine operating areas ahead of the planned stock exchange listing in November. "Going pubstructure." be said.

year privately cast doubt on ear-

lier predictions that sales in 200 would reach DM80bn, arguing that competition from other oper ators bad come much sooner than expected. However, the company expects sales of new services, or npdated ones such as online and broadband ISDN, to make up for at least some of the shortfall

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It said yesterday that the num-ber of ISDN connections had risen by 70 per cent last year to 3.3m, representing the world'e largest ISDN network.

Europe's biggest toy company looks at range of activities to lift sales Lego plans to spend

Dentsche Telekom yesterday said debts fell DM15.5bn to

lic can be fully successful only if the company rebuilds its entire Executives at the company last

Willamette buys up Hanson forestry arm for \$1.59bn

By David Wighton in London

Hanson, the UK industrial conglomerate, yesterday announced it had sold its remaining US forestry interests for a better than expected price of \$1.59bn. The buyer is Willamette Industries, the Oregon-based forest products group. The deal takes to \$2,09bn the

amount raised from the sale of Cavenham Forest Products. which is part of a £2bn (\$3.06bn) disposal programme Hanson announced in December.

Mr Bill Landuyt, chief execu-tive of Hanson's US arm, said: Over the last two weeks we have announced combined proceeds of over \$2.8bn (£1.8bn) from the Cavenham sales and the Sub-urban Propane public offer. The sales place us well ahead of schedule on our £2bn disposal programme."

Hanson's shares rose 21/2p to 192p on the disposal, which the company said would not dilute earnings per share. The shares have recovered from a recent low of 179p, though they are still below the 2041/2p at which they stood before the group's proposed four-way demerger

was announced six weeks ago. Willamette's sbare price slipped \$1% to \$56% on Nasdaq in early trading as credit rating agencies said they were review-ing its debt for possible down-grade. Willamette said it would fund the acquisition with debt but would sell on some of the acreage, it has agreed to sell 207,000 in Washington and Oregon to Crown Pacific Partners for \$205m and 230,000 acres in Louisiana to Temple-Inland for \$90m.

The Hanson disposal comprises 1.09m acres, including 502,000 acres of timberland and a sawmill in Oregon, 200,000 acres in Washington and 386,000 in Louisiana. Cavenham, which Hanson acquired for \$1.3bn in an asset swap with Sir James Goldsmith in 1990, saw profits fall to £95m,

from £117m, last year. It has net assets of £980m in Hanson's books, and the company said its disposal and the Suburban offer would give rise to a "significant" pre-tax gain.

Analysts estimate the disposals agreed so far will cut Hanson's debt to about £3.4bn after allowing for the £195m associated with the acquisition of Desimpel Kortemark, the Belgian brick maker.

its headquarters in Billund, Den-

Most of the population of the

new narks next century.

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kets cannot figure

out bow to

respond to a bond

market shakeont. The losses in coul-

ties after Wall

Street's sudden

panic on Friday were partly

regained. in the bond markets,

though, the recovery has been

stillborn and fears persist that

there may be a re-run of the 1994

The distortion of the relation-

ship between bonds and equities

is a familiar theme. Arbitrage

between the two markets is poor,

Thus, one statistic that shocked the US Treasury bond

market last week, quite apart

from the devastating jump in the

non-farm payroll, was the scale of

as different forces are at work.

crash

\$2bn on 15 parks By Peter Marsh in Billund, 15 mark A second one is due to open in Windsor, UK, later this month and a third is planned to open near San Diego, southern California, in 1999.

developed world will be within The sites should cost roughly driving distance of a Lego theme park under a plan by the Danish £90m each to develop.

toy company plans to spend about £1.3bn (\$2bn) building 15 "We look at this [the theme parks project] as a very interesting business," said Mr Kjeld Kirk Kristiansen, Lego's president and majority stakeholder, yesterday. The parks are part of a scheme by the privately owned Lego, Europe's biggest toy maker and "There is a lot of synergy among the world's biggest seven between people getting the best toy companies, to increase sales by pushing its brand name possible experience from our theme parks and being inspired to buy our products," he said. Lego, which has nearly 9,000 deeper into a range of other

staff in 26 countries, does not reveal its annual sales, but these Disclosure of the plans follows an announcement last month that the company is forming an are estimated in the toy industry alliance with Mindscape, a US at about \$1.4bn.

software company owned by Pearson, publisher of the Finan-cial Times, to develop interactive The company is estimated to have made more than 100hn plastic bricks and other units such as compact disc software systems miniature pirates, parrots and spacemen since 1932 when it was featuring Lego play activities. The first of these products is due started as a supplier of wooden to be unveiled later this year. toys by Mr Kristiansen's grandfa-Lego is examining sites on the ther. It spends an estimated east coast of the US, eastern Asia £100m a year on improving its

and sonthern Europe for the chain of 15 parks, which would be built by around 2050. They would follow the company's existing Legoland theme park at roughly f25m on entrance fees and other purchases.

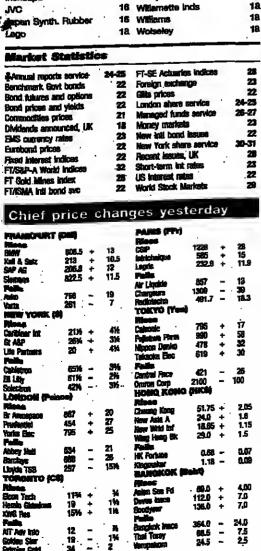


the results", the company said. Analysts said that while sales growth was slowing at telecoms operators all over Europe

sets with undetermined ownership in its long-term life fund, following discussions with the Department of Trade and Industry. The company's shares rose steeply on the news, finishing the day 27p up at 454p. Page 18

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Air Europe	14	Metro-Goldwyn-Mayer
Ashton Mining	16	Mitsubishi Chemical
BASF	15	Miteul
BFCE	16	Newcreat
BP Chemicals	4	Nice Systems
Banco Atlántico	14	Noranda
Battle Mountain Gold	17	Normandy Mining
Bayer .	15	Olivetti
Brooka Group	17	Piiwa
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Magellan fund continues to cut weighting in shares

sive growth strategy and aims to invest mainly in US and interna-By Maggie Unry in New York tional equities. At the end of The closely-watched Magellan mutual fund, Fidelity Invest-April last year it had more than 99 per cent of its portfolio in ments' leading fund, continned to cut its equity holdings in Janu-ary and build its weighting in shares. However, in November the \$55.5bn fund cut its beavy weighting in technology stocks, the sector which had led the US bonds and cash. Analysts said the fund's 65.3 per cent equity weighting at the end of January stock market higher in 1995. was the lowest they could The technology weighting fell

from 43.2 per cent at the end of The Magellan fund, managed October to 5.8 per cent at the end of January, according to figures by Mr Jeff Vinik, has an aggres-

cal year-end.

Barry Riley

Bonds, equities and

the shadow of 1994

published yesterday by Fidelity. However, Mr Vinik appears to bave bought shares in Digital Equipment, the computer group, in January as it became one of the fund's top 10 holdings.

Mr Vinik has invested proceeds from equity sales in the US bond market, accounting for 18.9 per cent of the fund at the end of January, and has a further 15.8 per cent in cash. Five of the fund's top 10 holdings were in US Treasury notes and bonds.

The shift from equities to ers at Fidelity, involving manag-bonds has hurt the fund's perforers of 26 equity funds. Fidelity ers of 26 equity funds. Fidelity mance this year. Even after said the reshuffle was part of a recent weakness, the Dow Jones realignment of its equity division, from four to eight teams. Industrial Average has risen around 400 points. or 8 per cent, Mr William Hayes, director of while the bond market has fallen. In the Lipper Analytical mutual fund tables calculated equity investments, said the new structure "enhances our ability to work in smaller groups sharlate last month, Magellan's oneing ideas among funds with similar investment disciplines". year performance ranked 258 out of 570 growth funds.

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Among management changes. Mr Robert Beckwitt has been Mr Vinik has not been moved in a shake-up of portfolio manag- moved from running several

asset manager funds, which had underperformed in 1994 and 1995. to develop funds for institutional retirement plans. Mr Dan Frank has given up management of the Strategic Opportunities fund. which invests in special situa-tions, with immediate effect. All other changes take place on April

Fidelity said it had yet to agree with Mr Frank what his future role is to be. He had run the fund since 1984.

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Profit before tax	53.1	65.1
Earnings per share	20.0p	27.7p
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Copies of the Annual Report & Accounts for	the year ended 30th December	1995, irom

ided 30th December 1995, from which the above ways extract, are available from 29th March from the Servence, Dates nie L Kungstray, London WC2B eXF, Telephone 0171-836 3535.

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the buying by foreign central banks (chiefly the Bank of Japan). In a week, it transpired, support for Treasuries had been around \$18bn, and in a month \$40bn. Yet yields had risen. events in February. First, there was a large-scale unwinding of the notorious and unstable "carry trade" through which hedge funds and banks have been financing purchases of Trea-

suries by borrowing yen at % per cent. This may have been triggered by losses on Treasuries (in the extreme case, the long bond has now fallen in price by around 12 percentage points since the beginning of the year) and by intermittent signs of yen appreci-

stion. The repayment of the yen will tend to strengthen that currency,

When differing investors dominate, so can incompatible views

ther steepening of the yield

curve, reflecting the risk-averse We can deduce a sequence of central bank's preference for shorter dates.

Incidentally, instead of being significantly lower, US bond yields have now moved fairly close to those on German government debt, giving an indication of how much the Treasury market was previously relying on the loveraged players.

Now for equities. Wall Street has come under the influence of the mutual funds, which have been pumping around \$20bn a month into equities. Mutual fund investors have become used to a persistent upwards price trend with low volatility; even the 1987 which anyway tends to be firm at crash has faded into distant investors to accommodate the

Once again, tha financial institutions repatriate than a minor blip on the world's stock mar- assets ahead of the March 31 fis- long-term charts. On these assumptions, any set-

back becomes a buying opportu-nity. This certainly appears to But at any sign the yen is climbing, the Bank of Japan's stabi-lisation forces will be brought to have been the response on Monbear. Such intervention hae day. But price-chasing attitudes clearly been massive in the past leave out the question of value. few weeks, and the dollars have been rapidly recycled into the US Professional investors last Friday, on the other hand, felt a bond market. The net result has further sharp jump in bond yields and a rise in the bond-eq-ulty yield ratio to dangerous been the transfer of bonds of the order of \$40bn in a month from heights required a response. speculators to the Bank of Japan and its allies, and a marked fur-

A general theme is that in several important countries the basic equities versus bonds deci-sion is not being made by core domestic investors. in the US, the bond markets are being supported by strong foreign buying while there is almost zero overseas interest in US equities. In Japan it is the other way around: foreigners have been heavy net buyers of stocks while only domestic buyers are attracted by bonds yielding 8 per cent.

As for Germany, domestic investors are always reluctant to buy bonds when yields fall below 6 per cent, and the rise in the ten-year bund yield from 5.9 to 8.6 per cent in a month could prove healthy if it helps the Bundeshank to correct the recent blip in monetary growth. When different types of inves-

tors dominate, incompatible views can hold sway. The US Treasury market, for instance, appears to have been fixated on possible recession (a view dashed by the jobs data) while equities have been relying on continued, albeit modest, growth.

The danger now is of a 1994 scenario: that bond yields may have to rise further for long-term this time of year as Japanese memory and looks like no more exits of further leveraged players.

INTERNATIONAL COMPANIES AND FINANCE

EUROPEAN NEWS DIGEST SGS ahead 11% despite US losses

14

Société Générale de Surveillance, the world's largest inspection and testing group, has reported an 11.1 per cent rise in 1995 net profit to SFr230.4m (\$191.77m), despite continuing large losses in its US insurance adjusting business. The result was slightly below investors' expectations, but the bearer shares rose SF195 to SF12,395 on the Swiss stock market.

The directors were confident that profits would improve this year, partly because of an expected return to profit of the insurance adjusting side. Also, the cash-rich group recommended a 12 per cent rise in dividends to SFr11.20 per registered share and SFr56 per bearer share. Revenues were down 1.7 per cent to SFr2.63bn, but np 8.1 per cent in local currencies. Trading profits edged up 2 per cent to SFr250m. and Mrs Elisabeth Salina, chairman, said growth was depressed partly by currency translations and partly by the SFr18.6m operating loss at GAB Robins North America.

Net financial revenues jumped 36.4 per cent to SFr49.5m, reflecting the dissolution of provisions made in 1994 against abarp falls in security values. Pre-tax profit was ahead 10.8 per cent to SFr238.2m. Ian Rodger, Geneve

Air Europe plans float by 1999

Air Europe, the Italian charter airline which rose from the asbes of International Leisure Group, the collapsed UK travel company, is planning a stock exchange listing within three years. Sopaf, the Milan-based financial group, yesterday announced the purchase of an 18.5 per cent stake in Air Europe, through a fund called Invest Equity Partners, with a view to funding growth and eventually bringing the company to the stock market

Air Europe was originally a scheduled airline, grounded by the 1991 collapse of ILG, its parent company. But management bought a stake in the Italian affiliate from the administrators and continued flying under the same name.

Sopaf, which has helped a number of medium-sized Italian companies to the stock market in the past year, has spent about \$9m subscribing to the capital increase and buying shares from management. The capital increase, together with the full payment of unpaid rights to Air Europe shares, will raise \$7m for the company, and leave the management buy-out team with 56.9 per cent of the group, Alitalia owns the remaining 24.6 per cent. Andrew Hill, Milon

SGL Carbon reaches target

SGL Carbon, the German manufacturer of graphite and carbon products, established Itself as one of the country's most profitable quoted companies, with a return on turnover of 17 per cent in 1995, up from 11 per cent in 1994, according to annual results released yesterday. The company came to the German market last April, when

Hoechst, the chemical group, floated off a 50 per cent stake. Hoechst still owns the remaining half. Mr Robert Koehler, chairman, said SGL Carbon had reached its profitability targets one year ahead of schedule, SGL Carbon is the world's largest producer of carbon and graphite products. It reported a rise in turnover from DM1.44bn to DM1.57bn (\$1.06bn) last year, with pre-tax profits of DM234m, up 61 per cent. The supervisory and management boards proposed a dividend of DM1.67 per share. Wolfgang Münchau, Frankfurt

October 1995

Caixa Catalunya set to buy Banco Atlántico

By Tom Burns in Madrid

Caiza Catalunya, Spain's third-ranked savings bank, is negotiating the acquisition of Banco Atlántico, a leading Barcelona-based medium-sized bank, for a reported price of some Pta60bn (\$480m). If it went ahead, the acquisition would represent the big-gest domestic takeover of a private bank by a savings institution.

The purchase, if agreed, would intensify the rivalry between the pri-vate and the savings banks, the twin pillars of Spain's financial system. The private banks, which are legally barred from acquiring savings banks,

Atlantico is controlled by Saudi Arabia's Arab Banking Corporation, which owns 72 per cent of its equity; Argentaria, the partially privatised state-banking group, owns a 24 per cent stake. It is understood that Caixa Catalunya would acquire 40 per cent of Atlantico's equity, including the entire Argentaria-owned stake, for Pta25bn, in a first phase of the take-over, with an undertaking to pay a further Pta35bn for the outright

acquisition of the bank.

to 25 per cent, has been anxious to sell its stake in Atlantico for more than a year. Caixa Catalunya bought a small subsidiary bank, Banco de la Exportación, from Atlántico in 1991 for Pta6bn and made its initial approach to acquire the parent bank last year.

Caixa Catalunya is chiefly interested in Atlantico's commercial potential, for the bank has deposits of nearly Pta800bn and a loan portfolio of around Pta400bn. Should it acquire Argentaria, which is currently dis-posing of 25 per cent of its equity 300 branches, mostly well positioned

By Andrew Hill

Investcorp, the Bahrain-based investment group, is poised to sell all its shares in Gucci, the

Italian manufactures of luxury goods and clothes, in a fol-low-up to its successful sale of

allege they are subjected to unfair through a global offering that will in Spain's chief urban centres, to its reduce the government's shareholding nearly 700-strong network, and it will double its consolidated assets to Pta3,500hn to become Spain's seventh largest financial institution. Atlántico had profits of Pta3.7bn

after provisions of Pta4.8bn for nonperforming loans last year, and the reported purchase price is the equiva-lent of its market capitalisation.

Caixa Catalunya's planned advance into the private banking sector mirrors that of its local competitor in Catalonia, known simply as La Caira, Europe's biggest savings bank. In 1995, La Caixa acquired control of two private banks for Pta67.8bn. These

hackers

acquisitions unsettled the private banks, which are encountering increasingly narrowed margins, and Caixa Catalunya's ambitious takeover

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is likely to distress them further. A recurring complaint voiced by the private banks is that they pay an average of 50 per cent of their profits to shareholders, whereas the savings banks allocate some 25 per cent of their income to so-called social works. The issue of unfair competition between the two sectors was raised last year by the Madrid-based Tribunal for the Defence of Competition, a government agency, but the dispute remains amesolved.

share increased from 38 cents

to \$1.65 on a weighted basis.

Sales last year more than dou-bled in the US, Italy, Japan and east Asla: The latest offer will be struc-

tured in a similar way to last

year's deal. Investcorp intends to place an initial 26.4m shares

through a global offer, holding back nearly 4m for an "over-

allotment" option, to be sold if there is sufficient demand.

Investcorp has again appointed Morgan Stanley as global co-ordinator for the offer, which should be priced towards the end of this month.

and has promoted CS First

Boston to joint lead manager

alongside Morgan Stanley. Salomon Brothers is co-

manager for the US tranche of

shares; Salomon and Cazenove

Garuzzo moves from acrimony to a challenge

By Andrew Hill

Mr Giorgio Garuzzo, who month as chief operating offi-cer of Fiat, the Italian industrial group, yesterday returned to Olivetti as deputy chairman

of the computer company. The former Fiat executive, who began his career with Oli-vetti in 1962, will be responsi-ble for developing "strategies and alliances at group level". Mr Garuzzo was co-opted on to the board of the Ivrea-based

company, which is struggling to convince shareholders it has a future in the personal computer sector.

lived and unhappy spell as chief executive of the automo-

tive and industrial group. Mr

January 1996

SMITH BARNEY

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------ Capital Raising --

It was not clear whether Mr Carlo De Benedetti, Olivetti's Fiat hierarchy. chairman, approached Mr Garuzzo or vice versa, but the appointment reunites the careers of the two men for the first time in 20 years. They worked together at Gilardini, the industrial components business owned by the De Benedetti family, in the 1970s, and Mr De Benedetti took Mr Garuzzo with him to Fiat in 1976 during his short-



Garuzzo: moved to Olivetti yesterday after 20 years with Fiat

De Benedetti left and went on to take control of Olivetti, but Mr Garuzzo stayed and rose to become number three in the Last month, however, an upset Mr Garuzzo left Fiat after be was passed over for the job of chief executive in the management reshuffle prompted by Mr Gianni

Agnelli's resignation as Fiat chairman. Mr Cesare Romiti graduated from chief executive to chairman, but it was Mr Paolo Cantarella, head of Fiat Auto, the cars division, who

years.

took Mr Romiti's place. In what seemed a pointed reference to Mr Garuzzo's

August 1995



prices it could raise as much as

1.3bn for its wealthy Arab

A further sale of shares

should help ease illiquidity in the stock - which is traded in

New York, Amsterdam, and on

Seaq International - and fulfil

demand left over from last

Mr Johannes Huth, a mem-ber of Investcorp's manage-

ment committee, said yester-day the group's investments

were normally held for a three-to five-year period. Investcorp started negotiating for a stake

in Gucci in 1987, "Our business

is buying and selling compa-nies and while we may fall in

love with some of them, there

a 48.2 per cent stake last year in New York. Gucci, which last week paraded its latest clothing collection in Milan to great acclaim, also announced a net profit for the year to January 31 of \$\$1.4m, compared with 17.3m last time. Gucci shares were in heavy demand in last October's offer, grievances, Olivetti attached to and they have risen to nearly yesterday's announcement a long list of Fiat developments double the offer price of \$22 since. If Investcorp succeeds in which benefited from his "direct participation and per-sonal contribution", ending with "management of the emergency, relaunch and stra-tegic redefinition of Fiat Auto" between 1991 and 1995. Olivetti said yesterday that alliances were fundamental for the group as it tried to reposi-tion itself as a broad-based By Peter Wise in Lisbon information technology and Shares in Portugal Telecom

telecommunications group. But Mr Garuzzo, 57, faces a challenge at Olivetti if be is to match his success at Fiat. Olivetti's share price has come under new strain in recent weeks as rival personal computer manufacturers either cut prices or pull out of the competitive market altogether. Shortly after the announce ment of Mr Garuzzo's appoint-ment yesterday, the shares closed down L20.7 at L797.3.

(\$236m) in 1995 from Es25.1bn in 1994. The shares closed at Es3,519, up from Es3,493 on Monday, a 25.7 per cent gain since 27 per cent of PT was privatised at Es2,800 a share in an initial public offer last June. A 17.1 per cent reduction in net financial costs to Es25.8bn, driven largely by lower inter-est rates, helped lift profits

Mr De Benedetti has set himself a deadline of mid-1996 to demonstrate that the company is recovering from the heavy losses of the past few

reached a record high yesterday after the group reported a 44 per cent increase in net con-solidated profit, to Es36.2bn cent early next year.

2003 under EU rales. PT said total debt grew by

above analysts' expectations. The group will pay a dividend of Es91 a share. Mr Luis Todo Bom, outgoing lysts said this was achieved mainly because of a 15 per cent increase in cash flow to Es155.4bn,

Efficiency gains were reflected in a 10.5 per cent increase in operating profit to Es129.1bn. PT said operating costs increased by only 4.6 per cent to Es325.8bn as a result of cost cutting and streamlining operations. Staff costs grew by 6.6 per cent, representing 22.3 per cent of total revenue, down from 22.8 per cent in 1994. The number of employees fell to

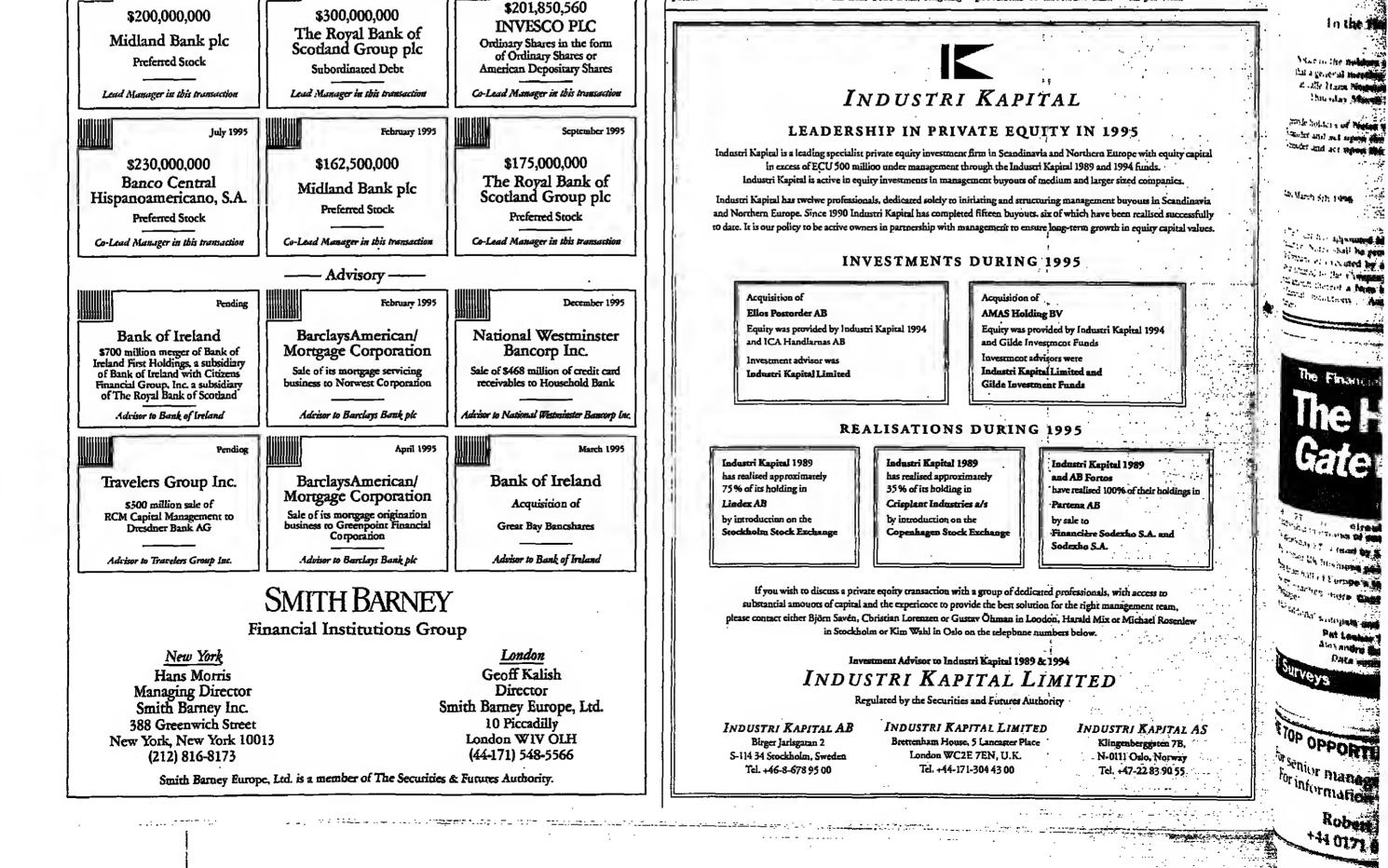
20,241 in 1995 from 21,279. Total revenue from telecom services rose 8.9 per cent to Es436.7bn. PT increased tariffs by an average of 2.2 per cent in 1995, below annual inflation of 4.2 per cent.

DRIMON INT

PT president, said a global offer of a further 22 per cent of the group was likely to be made by mid-1996. An international partner is' expected to acquire an additional 20 per

This will require repealing a law that limits private-sector ownership of PT to 51 per cent. The socialist government has indicated that 20 per cent of the group will be kept in state hands until the full liberalisa-tion of Portugal's telecoms sec-tor, currently scheduled for

only Es3.2bn, despite a 34 per cent rise in investment to Es116bn and a 34 per cent increase in pension and other provisions to Es60.8bn. Ana-



INTERNATIONAL COMPANIES AND FINANCE

BASF set to buy Japan drugs company Shift to gas helps

By Jenny Luesby in London, Wolfgang Müncheu in Frankfurt and Emiko Terazono in Tokyo

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BASF, the German chemicals company, is set to acquire a Japanese drugs company, with the aim of building a 1 per cent share in the world's second

"We will not reach this goal with one acquisition," BASF said. But it expected to con-clude a deal with the Japanese company that would give it "a platform from which to build".

BASF, whose aupervisory board chairman is Mr Jurgen Strube, already has links with Japanese drugs companies, including a research tie-up with Mitsui Pharmaceuticals. However, the country's pharmacenticals sactor includes 1,640 drug makers, with more than 100 viewed as potential targets.

n 1981, researchers at

Pliva, e Croatian pharma-

ceuticals company, discov-

ered a seemingly promising antibiotic which they called

azithromycin. Fifteen years on,

and after the signing of a licen-sing agreement with Pfizer of

the US, the drug has surpassed

Whether the strength of the

cash flow that this generates for Pliva outweighs the politi-

cal risk of investing in Croatia

is a question institutional

investors will be mulling over

this week, as a roadshow opens

in Europe for the company's

forthcoming international

The Croatian government is

selling 31 per cent of the com-

pany's stock at an indicative price of K4.150 to K5,100 a

share, valuing the company at

This is the first international

offering for a Croatian com-

pany, and it probably would not have proceeded this far

without the reduction in politi-

cal risk brought about by the

Croatian army's assault last

August on Krajina, a rebel Serb held region that consti-tuted more than 20 per cent of

all expectations.

equity issue.

\$415m to \$510m.

the country.

Many foreigi drugs compa nies have estblished them-selves in Japanby investing in R&D centres ad sales forces, but BASF has said repeatedly that it intends a keep expand-ing its drugs bisness through acquisitions. It remains a rela-tively small competitor in pharmaceutical, and has iden-

tified a 1 per cat market share as "critical mas". BASF would not say when the Japanese buy would be appunced, but it would not concide with its annual financial press conference on Marci 26. It yesterday issued prelimi-

nary figures which high-lighted the slowdown in chemical demand in the second half. Sales of DM46.2bn (\$31.2bn) last year vere np from DM43.7bn in 194, but second-half turnover was DM20.6bn, compared with DM25.6bn in

With Krajin in its hands, Croatia has, succaeded in

restoring traisport and eco-nomic links severed when Yugoslavia bake up in 1991. Last year's ligning of the Dayton peace agreement for Bosnia hat also reduced the residual risk of investing in Croatic

Pliva has been picked for

this inaugural issue in an attempt by the Croatian gov-

ernment to convince investors

that the economy has not been

comprehensively wrecked in

Depositary secepts are due to

start trading on the London

Stock Exchange on April 11 -

Tha shires and Global

the past five years.

Croatia.



Jurgen Strube: his company already has links with Japan

year, to reach DM4.13bn, up 67 fall in chemicals prices, said per cent on the previous year. one analyst. But another cau-This suggested an improve-tioned that uncertainties the first half.Pre-tax profits ment in profit margins in the remained, "because of the lack were evenly pread over tha second half, despite the sharp of detailed information".

The markets, nonetheless Aga to welcomed the strength of BASF's results, on the back of $2\overline{2}$ % rise which it proposed a rise in the dividend from DM10 a share to DM14. BASF shares closed up 2.3 per cent at DM376. By Hugh Carnegy Shares in Bayer also rose on in Stockholm its preliminary results, but

A sbift to gas-based technologies in industries as later fell back to close at DM468.50, up 1.7 per cent on diverse as paper-making and the day. The group reported a 27.1 per cent rise in pre-tax profits, to DM4.19bn, on sales food processing helped Aga, the Swedisb industrial gas up 2.7 per cent, at DM44.6bn. group, to increase underlying The profits growth was in line with expectations, but ana-lysts were puzzled at the rela-

tively small rise in earnings per share (DVFA) - from DM30 to DM34. Bayer raised its pay-outDM2 to DM15 per share. Bayer also reported a fall in capital expenditure from

SKr601m gain from the sale of shares in the Anglo-Swedish DM3.53bn to DM3.17bn, of steel group Avesta Sheffield, hoisting the before-tax surplus which DML46bn was spent on acquisitions. R&D went up to SKr2.7bn, compared with from DM3.18bn to DM3.26bn.

SKr1.7bn last time. Mr Marcus Storch, chief executive, said the effect of a recent strengthening of the Swedish krona and an anticipated poorer performance by Aga's power associate, Gulls-pangs Kraft, meant underlying profits were likely to remain

profits by 22 per cent last

Aga, ranked fifth in its sec-

tor in the world, said profits

after financial items rose from

SKr1.7bn in 1994 to SKr2.1bn

(\$307.3m). Pre-tax earnings

were further inflated by a

هكزامن الأحر

this year at 1995 levels. Profits slipped in the fourth quarter of last year, with earn-ings after financial items falling from SKr543m in the last quarter of 1994 to SKr506m in the final qoarter of 1995. The reverse reflected weaker eco-

nomic trends in South America, the US and some European

slower trend was not universal and growth in demand for gas products remained bealtby, driven in large part by techno logical changes which resulted in greater use of gas in a range of industrial processes. This meant demand for industrial gases was about double underlying gdp growth trends. Aga's group sales rose 6 per cent in 1995 from SKr12.5bn to SKr13.3bn. Developments which have opened np new demand for gas recently have included the switch from chlorine- to oxygen-based bleaching processes by the pulp and paper industry, a move to liquid gas freezing techniques by the food industry and the use of gases in areas snch as waste-water: treatment and pharmaceutical preparations.

EUROPEAN NEWS DIGEST Fokker's chances of rescue 'slim'

Fokker, the Dutch aircraft maker racing to find a corporate saviour, said yesterday that prospects of a rescue by Friday'a deadline looked bleak. Mr Ben van Schaik, management board chairman, told a rally of workers outside the company's main factory that Fokker was still in talks with two Asian parties potentially interested in taking over its assets, Samsung of South Korea and Aviation Industries of China (Avic).

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"I have not given up on the possibility that there will be a positive conclusion this week, but chances are quite slim," be said. Bridging credit supplied by the Dutcb state runs out on Friday, setting a deadline for negotiations unless the government steps in with another short-term financial package.

Hopes are pinned on Samsung and Avic because Dutch bankers and financiers are not expected to be prepared to invest in a slimmed down Fokker unless the company finds a strong industrial partner. In 1993, the government's desire for Fokker to become part of a larger industrial concern led to the sale of a controlling stake in the company to Daimler-Benz Aerospace of Germany. But this partnership unravelled in January after the German company refused to put up new funds to keep loss-making Fokker afloat.

The Fokker group employs 7,000 people. If it collapsed, smaller units in fields such as defence-contracting and aircraft maintenance might be salvaged, but the main aircraft-assembly business would be closed with the loss of Ronald van de Krol, Amsterdam about 5,000 jobs.

French specialist bank ahead

Banque Française du Commerce Extérieur, the specialist banking group recently taken over by Crédit National, vesterday reported net income up 14 per cent to FFr255m (\$50m) for 1995. Banking income rose 6 per cent to FFr2.3bn, and operating income was up 12 per cent to FFr792m. The group said it had managed to boost market share despite a loss in business from the French state, tight margins, and the effects of the fall in the dollar.

The bank took general provisions of FFr80m, and a series of specific write-downs, including FFr141m against its exposure to Eurotunnel, operator of the Channel tunnel rail link.

It said 1996 would be marked by its integration with Credit National, which holds 88.26 per cent of the shares, with the remainder split between the Bank of France and the Caisse Française de Développement.

Andrew Jack, Paris

j/

Sanofi in Rotta Research link

French drugs group Sanofi, a unit of Elf Aquitaine, said it had signed a worldwide commercial agreement for product development and research with Rotta Research of Italy. The alliance involves six products of Rotta Research in more than 50 countries. These do not include US or Canada, for which negotiations are still under way.

The alliance will take the form of various licences, distribution accords or joint ventures, but Sanofi and Rotta will remain independent. Sanofi will market all the Rotta products and will have access to future Rotta products. Sanofi will be able to strengthen its position on the market for treatment of osteoporosis and menopause while Rotta research will benefit from the wide presence of Sanofi's international sales network.

Sanofi said sales of the products included in the agreement

could amount to FFrIbn (\$197m) a year for the company.

Reuter, Paris

the first time an east European industrial company will be listed in Lonion - and the Croatian government hopes this will lift the country's profile abroad. nly me of Pliva's facto-

ries, in its non-core food products division, fell into Ser hands. This was recovered inact last summer. The company has replaced the markets it lost with the splintaring of Yugoslavia partly by selling branded

in western Europe it bas stepped up sales of bulk pharmaceuticals; it is the world's fifth-largest producer of vitamin C. This rapid recovery helped lift sales to \$400m last year, dent. matching pre-war levels and making Pliva the largest phar-

PLIVA Revenue" Net 286 .1993 36

Pliva aims to put Croatia on investors' maps

drugs in eastern Europe, while

1995 *S million Source: Company results maceuticals group in central

ment team is underlined, the government believes, by the

nationals.

Zithromax. profit 323 72. -399 77 -

and eastern Europe. The strength of its manage-

decision to privatise through a sale to institutional investors at a time when some of eastern Europe's leading pharmaceuti-

addition to licensing royalties cals companies, such as Galena and its own sales. The company was sternly tested in latein the Czech Republic and Bio-1991 when war broke out and gal in Hungary, have been the Yugoslav army bombed forced into the hands of multi-Zagreb, the Croatian capital "Pliva has a long tradition in and location for most of Pliva's

factories. research and development and

we don't see a need for a strategic partner. Azithromycin is a blockbuster product which will give us the opportunity to develop as an independent company," said Mr Zeljko Covic, the company's presitouch with clients.

Pliva patented azithromycin in 1982 and in 1986 gave a licence for the US and western Europe to Pfizer, which is selling it under the brand name

The patent for the US is protected until 2005. Pliva uses the name Sumamed for its sales in eastern Europe and the former Soviet Union. The drug is a macrolite antibiotic, suitable for treating respiratory and some sexually transmitted diseases. It was an instant hit because dosing is simpler and

it produces quicker results. Pliva also has an agreement times earnings. to supply Pfizer with azithromycin in bulk, providing a third source of earnings in

ticals analyst, Pliva's earnings are of a much higher quality than those of Gideon Richter, since there is no need to operate a large sales division to sustain them. The question for investors is whether this is enough to counterbalance the extra political risk.

Zagreb hopes drug group's issue will lift country's profile abroad, writes Gavin Gray Mr Zelimir Vukina, Pliva's vice-president of marketing and sales, recalls running telephone cables from his office to nearby bunkers to remain in his year, the company is

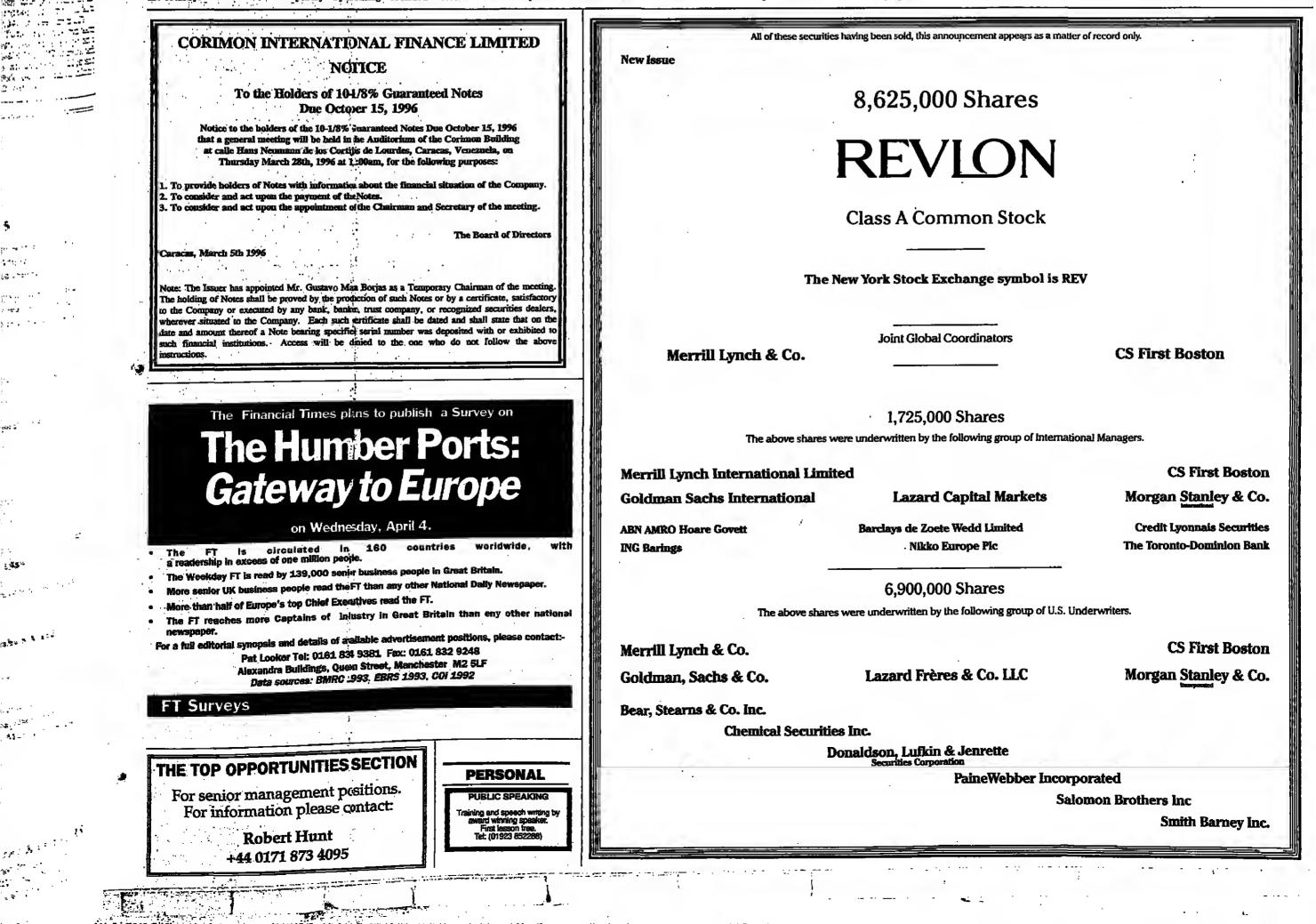
sure to maintain suponce again under presplies, but now because its factories are working at full capacity.

It is investing \$100m to build a new factory outside Zagreb to expand capacity and the European Bank for Reconstruction and Development has extended a \$20m loan to

finance this. The equity offering is priced on a prospective multiple of 5 to 6.14 times, whereas the larg-est listed Hungarian drugs group, Gideon Richter, has been trading on a multiple of 9

According to one pharmaceu-

countries. Bnt Mr Storeb said the



Japanes Synthetic Rubba



ASIA-PACIFIC NEWS DIGEST

16

Earnings forecast doubled at JVC

Full-year net profits at JVC, the Japanese consumer electronics company, are now expected to reach Y2bn (\$15m), double the company's earlier estimate for the 12 months to the end of this month. The company also plans to restore shareholder dividends.

The revised estimate comes despite lower-than-expected sales of Y555bn compared with an earlier forecast of Y560bn. Recurring profits - before extraordinary items and tax - are now forecast to be Yohn rather than Y4bn; recurring profits last year were just Y1.04bn.

The lower sales reflect the impact of currency fluctuations as well as the separation of a karaoke systems business into an independent company. Recurring profits will be higher, nonetheiess, as a result of a strong contribution from component sales and the increase in higher margin products such as wide-screen TVs and higher quality video equipment. The results will also reflect the sale of certain properties.

JVC is taking an extraordinary loss of Y5.5bn to cover capital injections into its Shanghai operations and a joint venture it has with Hughes Electronics of the US.

In Shanghai, a fall in audio equipment sales and a resulting build up of inventory has necessitated further marketing support. In the US, JVC is increasing its stake in a joint venture it has with Hughes in large projection systems, from 40 per cent to 80 per cent. Michiyo Nakamoto, Tokyo

Ashton Mining profits slip

Ashton Mining, the Australian diamond miner in which Malaysia Mining Corporation has a significant stake, yesterday announced a fall in after-tax profits from A\$31.7m to A\$24.1m (US\$18.52m) in 1995. Its diamond sales revenue was A\$190.4m, compared with A\$186.5m.

Ashton, which bas a stake in Australia's large Argyle diamond mine along with London-based RTZ-CRA, the majority partner, said that the result bad been affected by the Central Selling Organisation's 10 per cent price reduction for rough diamonds, and also by the "continued 15 per cent level of deferred purchases". The CSO, the diamond industry cartel which is responsible for more than half the world's trade in rough diamonds, is controlled by the De Beers group.

Asbton and RTZ-CRA have threatened to stop selling through the CSO when the five-year marketing agreement expires in June - with Ashton, in particular, expression frustration and the deferred purchase programme and the price cut.

Yesterday, Asbton reaffirmed that "the Argyle joint venture partners are considering their own marketing options ahead of the mid-year terminations of the curreot CSO sales contract". However. De Beers said recently that negotiations over a new agreement were under way. Nikki Tait, Sydney

Watchdog blocks Wattyl buy

Australia's new Competition and Consumer Commission yesterday moved to block Wattyl, the listed Australian paint manufacturer, from purchasing the architectural and decorative paint business of Taubmans, part of the Courtaulds group in the UK.

The deal, said to be worth around A\$40m (US\$30.74m), was announced last October, and the ACCC had already warned that it might breach the Trade Practices Act on competition grounds. Yesterday, the competition watchdog formally filed proceedings in the Federal Court seeking to restrain Wattyl from completing the agreement.

The ACCC said that it bad taken the action because the deal would remove a large competitor from the market, and concentrate husiness in two companies' hands. It estimated that Dulux, part of the ICI group of the UK, and the merged Wattyl/Taobmans group would account for almost 80 per cent of total architectural and decorative paint manufacturing market.

Wattyl had argued that the deal would bring efficiency gains and allow it to increase activities outside the Australian market, and also bring its market share into line with Dulus's. But the ACCC rejected arguments that Taubmans and Wattyl were not currently effective competitors to Dulux. Instead, it coocluded: "The ACCC believes that the structure of the paint market, particularly the high barrier to successful entry as well as the widespread vertical arrangements, is such that,

Japanese resin producers in joint venture

World's investors warm to Nice Systems

By William Dawkins in Tokyo

demand and increased competi-

tion from foreign producers

and Japanese companies based

tech company is contributing to Israel's increasing penetra-

tion of the global market for

telecommunications products. Nice Systems, which primar-

ily designs, develops, manufac-

tures and markets high-quality digital recording, storage and

retrieval systems, is rapidly

emerging as one of Israel's suc-

The company's dramatic growth in revenues, combined

with its potential to exploit the

rapid expansion in computer

telephone integration (CTI)

technology and the migration

from analogue to digital

recording, bave made Nice a

recent favourite of local and

A string of orders from blue-chip clients such as the

London Stock Exchange, ABN Amro and the US Federal Avia-tion Administration, together

with its technological edge in

digital recording and voice pro-

cessing products, have raised

expectations that the company is poised to become a signifi-

cant force in the CTI market

which analysts expect to

expand from \$1.5bn in 1995 to

Soon hy 2000. Much depends on Nice's abil-ity to strengthen significantly

its marketing ability in a grow-

ing but highly competitive sec-tor which is expected to experi-ence dropping prices. But for the moment the company is

experiencing a wave of inves-

cess stories.

foreign investors.

acrylonitrile-butadiene-styrene Japan Synthetic Rubber, the resin (ABS), used to make hard country's largest producer of plastic casings for computers plastic resin, is to merge its resin division with Mitsubishi and other electronic goods. The main competition comes Chemical, Japan's leading from Chi Mei, a Taiwanese chemicals group and third-larg-

The Israeli high-tech company is

n one of Israel's "silicon income was \$318,000 compared valley" industrial parks a with a loss of \$2.7m in 1994. small, little-known high- Earnings per share were 6

taking advantage of its staff's

military, writes Julian Ozanne

experience in the country's

est resin producer, to seek economies of scale in a fiercely petrochemical company, which makes im tonnes of ABS annually - 55 per cent of world outcompetitive market. The pair said they had put, and four times the size of Mitsubishi Chemical's and Japan Synthetic Rubber's com-bined ABS production. decided to take this step, to be consummated with the forma-tion of a joint venture next July, because of weak domestic

The new Japanese joint venture, yet to be named, will be 60 per cent owned hy Japan Synthetic Rubber and 40 per recovery, from recurring profcent by Mitsubishi Chemical. It

cents compared with a loss of

53 cents in 1994. The results

reflected a dramatically improved fourth quarter. Turning the profit corner.

together with huy recommen-

dations from some US invest-ment houses, have led to a

surge in the company's share

price. Shares on Nasdaq were

trading at \$12% yesterday. up 27 per cent on the \$10 January

The latest surge in the com-

pany's price comes after its shares on the Tel Aviv market have increased almost four-fold

since last April, from to yester-

Such a dramatic run-up in the company's stock, with ana-

lysts estimating It is currently

trading at a premium to other

voice processing companies with a multiple of 25 times projected 1996 earnings, have raised questions about whether

the company has become a

classic case of high-tech inves-

tor hype. But Lehman Brothers pro-jects that revenues will more

than triple in the next two

years, from \$20.6m last year to

\$43m in 1996 to \$68.5m in 1997,

and the company will continue

to improve its margins. Leh-

day's close of Shk39.69.

offer price.

The material which they will will have a 260,000-tonne its - before tax and extraordi-be joining forces to produce is annual capacity, giving it 30 nary items - of Y3.6bn in the per cent of the Japanese market and making it the world's fourth-largest producer of ABS, the companies said. After final agreement in the summer, they plan to start operations in October, with an estimated Y60bn (\$570m) annual turn-

Japan Synthetic Rubber, a leading supplier for Bridgestone, the Japanese tyre manu-facturer, devoted 34 per cent of its Y89.8bn turnover to synthetic resin production in the six months to last September. The group is undergoing a

nary items - of Y3.6bn in the year to last March to an esti-Share prices (yfi) -750 mated Y6.4bn in the year ending this month, according to 700 equity analysts in Tokyo.

Mitsubishi Chemical does not specify its turnover in resins, hut 55 per cent of its sales are petrochemicals. The group is expected by analysts to report a recurring profit of Y21hn this year, a dramatic recovery from Y5.35bn in 1995, helped by an increase in domestic demand for other petrochemical products and the cost savings achieved from its merger with Mitsuhishi Petro-chemical in October 1994.

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Source: FT Exte

Normandy turns down request for delay

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By Nikki Tait in Sydney

Directors of Newcrest, the Australian goidminer, yesterday asked Mr Robert Champion de Crespigny's Normandy Mining group in delay shareholder meetings called to approve a A\$3bn (US\$2.3bn) fnur-way merger between Normandy and three associated companies. so that it could consider a merger with Newcrest.

But Normandy turned down the proposal, saying that details of its own merger solutions of the operations of Normandy, PosGold, North Flinders Mines and Gold Mines of Kalgoortie into une group - had been in shareholders' hands for nearly four weeks.

"The present merger terms will not be changed, and any proposal involving a merger with Newcrest would be unlikely to be achieveable in less than four to six months," tt added

In the light of Normandy's rebuff, Newcrest said it would make a further statement shortly. The first of the meetings to approve the Normandy merger will be held in Adelaide on Friday, with

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the fourth, and final, meeting being called for April 4. Mr de Crespigny said he was still hopeful that Newcrest would support the Normandy merger, although the company had not said that this was its intention, "nor did we ask".

Normandy currently holds a 51 per cent interest in PosGold, its goldmining arm. PosGold, in turn, owns 31 per cent of GMK and 49 per cent of North Flinders, All are listed companies.

Newcrest, in turn, has a 14.9 per cent stake, in Normandy, acquired in a stockmarket raid earlier this month, and about 12.5 per cent of. PosGold. Newcrest was formed in 1990 when Anstralia's BHP and Newmont Mining in the US merged their. Anstralian

a presentation by Mr de Crespigny to the Newcrest board in Melbourne - a meeting which Normandy described as "pleasant" and

Newcrest as "cordial". Shares in Normandy closed 1 cent higher at A\$2.39, while Newcrest added 3 cents to A\$5.78.

• Goldman Sachs, the US investment bank, has lifted its stake in Ampolex. the Australian energy group; to 7.11 per cent, through warket purchases over the past three weeks. It previously held a 5.84 per cent interest. Ampolex is the subject of an unwanted bid from Mobil, the US oil group, worth around

David Arzi: 'Better to be a leader in a smaller market than a fraction in big market' tions systems design. Most of the people who left the mili-tary to enter the private sector \$4m to finance its entry into the voice communications industry. In 1993 Nice formed sector." and form Nice. like company NiceCom, a high-speed ATM president Mr Benny Levin and company chairman Mr David networking subsidiary active

Arzi, remain firmly wedded to

Originally Nice concentrated on military communications intelligence products, but in late 1991 it raised \$4m to finance its entry into the voice communications industry

tor confidence. In January, Nice completed a successful \$18m public offering man estimates earnings per share will rise from 1 cent in Mr Levin says. "The challenge on the Nasdaq stock exchange in the US, and recently 1995 to 63 cents in 1996 and announced that for the first \$1.15 in 1997. Like many of Israel's recent time It had broken even over a

the foundation of our success, voice-logging business has boomed since sales began in after years in the military was to develop products from our the second quarter of 1994, and provided about two-thirds of

in the data communications industry. But in the wake of the heavy merger and acquisition activity in the sector, Nice

the company. "It's a unique phenomenon that in the Israeli military you get very high responsibility, hands-on experience with big budgets, exposure to defence industries in Israel and US and

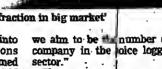
the American entrepreneurial culture and this was part of

communication. The digital

tal voice logging and military

sold the company in 1994 to SCom for \$53m. The sale of NiceCom allowed Nice to concentrate on its two core business where it had a better chance of success - digi-

floors and air taffic control systems.



number one company in the loice logging The company has success fully penetrated two leading markets - financial trading



call-recording market such as telebanking and teleinsurance following a recat agreement between Nice and Northern Telecom of Canata. Nice's sys-tem will be insuled in all of the call centres using Norte's Customer matter system.

after the merger, the parties are likely to charge higher Nikki Tait prices.

The Sydney Futures Exchange is to extend its electronic link with the New York Mercantile Exchange to include metals contracts from April 10. The link, established last year, initially covered energy-related contracts. Nikki Tou

financial year. Results for calhigh-tech success stories Nice endar 1995 showed a 133 per was spun off from the military. cent increase in revenues, from It was set up in 1986 by a group s9m in 1994 to \$21m. Gross of engineers who had spent years in Israel's military intel-ligence and communications profit increased 264 per cent to \$10.2m, or 48.8 per cent of departments and had a wealth sales compared with \$2.8m, or 31.3 per cent, in 1994. Net of experience in communica-

military experience that were required and affordable in the Nice revenues last year. commercial market." Originally Nice concentrated on manufacturing military

Stock Exchange and raised

"We decided to focus on the sectors where Nice can be a market leader." Mr Arzi savs. communications intelligence "It's better to be a leader in a products, but in late 1991 it smaller market where you can influence the market than be a went public on the Tel Aviv

fraction in a big market and

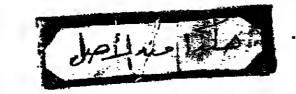
call centres. The company is also planning to attack the public safety and emergency ervices recording market, which are set to convert from analogue to digital recording h the coming A\$1.24bn. years,

systems, which currently account for one-hird of all US

in interest **'UMEY** F IN · i meriet N.M.S - 41 110000.000 1: 1: E.C.A.S. : 11:3..... Trainin . 1.11: 100 T from

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DKB	Ó	NOTICEIS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING to be held a the office of Julius Baser Bank and Trust Company Lid., Kirk House, Grand Lyman, Cayman Islands, on the 1st day of April, 1996 at 10 a. m. AGENDA Such evidence may be obtained by depositions the certificate with the Agent
DKB Financial Products, Inc.	European Bank for Reconstruction and Development	 1. To receive and could passented by the Directors for the year ended 31st December, 1995 and the reports of the Directors, and Audhors. 2. To ratify the acts of Directors. 3. To approve the appointment of Price Witch could be active to the price of the Agent listed below.
has established a	A\$ 150,000,000 6.60% Notes due March 1998	the Directors to fix tr Andrors' There are no service company and any of reatments to fix tr Andrors' There are no service company and any of is Directors and none are proposed. By order of the Bodi Directors and none are proposed. Participating shares are listed on the Loodon Stock Exchange and participating the second to the Company and any of the Company are second to the Loodon Stock Exchange and participating the second to the Company are second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the Loodon Stock Exchange and participating the second to the second
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Merrill Lynch	With credit intermediation by Merill Lynch Derivative Products, Inc.	REDIT LOCAL DE FRANCE FRF 300,000,00 CAC 40 INDEX-LINICED BONDS DUE 1997 SIN CODE : X5000849 Nodce is harebygiven to the Bondholders that, pursuant to the Terms and Constions of the Bonds. Condition 4. "INTEREST." "R4" (term of this for calculation of the Interest Amount pable per bond on April 195, 1956) Is equal to 0.155/278 in accordance with the following formula :
For information call: DKB Financial Products, Inc. J. Dillon / K. Schubert (1) 212 488 8100	DKB	R4= CAC 4 - CAC 3 where "CAC 3 - 1 773 end "CAC 4" on March 4, 1996 = 2 014 Therefore, interest psyable against surrender of coupon nr 4 will be FRF 1 39- ner dependingtion of EEE 100 nr 4 will
DKB Financial Products (UK) Limited C. Baum / P. James (44) 171 929 0100 DKB Financial Products (Hong Kong) Limited P. Chan / C. Mueller (85) 22 848 1500	These securities have not been registered under the Securities Act of 1993 and may not be offered or sold in the United States or to a United States person absent registration or an applicable exemption from the registration requirements. This announcement appears as a matter of record only.	PRF 13593, per denomination of PRF 100.000 TE PRINCIPAL PAYING AGENT SOCETE CRETALE BANK & TRUST - LUDIERROURG



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FINANCIAL TIMES WEDNESDAY MARCH 13 1996 *

INTERNATIONAL COMPANIES AND FINANCE

CTC-VTR deal raises the Bids may put \$2.5bn stakes in Chilean telecoms price tag

By Imogen Mark in Santiago

The deal between CTC and VTR. announced this week, signals a fresh alliance in Chile's competitive telecoms market.

CTC, controlled by Telefonica of Spain, and VTR, owned hy SBC of the US and tha Chilean Luksic group, will pool resources in the mobile phone business, including cellphones and paging. The new company will be owned 55 per cent by CTC and 45 per cent by VTR. which will pay \$67m to CTC to make up the difference between their asset contributions. CTC's cellphone subsidiary

ibri in persing. Berni Postade an holds one of the two concessions for the plum Santiago 50 At 6. and Valparaiso regions, which contain half of all Chile's ABC1 Here in Harly athe law of and a serie france in the households. It will contribute 80,000 subscribers to the new venture. VTR holds one of the The ground manager an 4 two concessions for the rest of i an is hinter at the country and has 35,000 SPEND STATUS & CON subscribers.

From May, the new company will be the first to offer full-service, nationwide coverage. CTC and VTR already operate an informal roaming agreement to cover each other's subscribers. There are some 200,000 cellphone subscribers et present and the market is expected to the decade. Total sales in 1995 were \$250m.

The new company will also combine its efforts in the field of personal communications systems (PCS), which are seen by some as a cheaper and more versatile development of cellphones,

Though some telecom execu-Though some telecom execu-tives would have preferred the government to delay introduc-ing PCS for some years because of the sizeable invest-ments it will need, the govern-ment is committed to develop-ing (blick televence of the sizeable) ing Chile's telecoms market as fast and as competitively as it can. It was due to accept bids et

the beginning of this month for three netional PCS concessions, but the process was postponed by e court case brought by VTR which challenged the holding

The CTC-VTR company will be well-placed to give wide coverage quickly, which is one of the conditions for winning e licence. The alliance also helps reduce installation costs. which are substantial. Coverage of 75 per cent of national territory will cost an estimated \$100m and increasing that to 95 per cent will cost \$300m.

Ms Jane Winslow, analyst at Bankers Trust, welcomed news and the market is expected to of the alliance. "I see CTC take e strategic partner to bring grow to 800,000 by the end of ing major atrides towards new capital and know-how.

the new competitive environment after its long years as the monopoly operator, becoming a service-oriented company." By Christopher Parkes in Los Angeles

on MGM

than doubled MGM's share of

the US box office since be took

charge in 1993, is believed to

be rounding up financial sup-

port for e management

buy-out offer for assets rang-

ing from MGM and United Art-ists film studios to television

properties and extensive film

However, bidding may

become highly competitive as

media, entertainment and tele-

communications companies

continue the urgent search for

routes to "convergence" fol-

lowing wide-ranging deregu-

lation of the US marketplace.

Other possible bidders, epart from US interests, include the

PolyGram subsidiary of Phil-

ips of the Netherlands, Ger-

many's Bertelsmonn, and

France's Chargeurs.

and bome video libraries.

CTC is by far the biggest The sale by internetional anction of Metro-Goldwyn-Mayer, e refurbished remnant Chilean telecoms company, with sales last year of \$1bn and of Hollywood's glory days, was officially opened yesterday by net income of \$270m. The other leading contender for a PCS licence is Entel, for-Lazard Freres, the investment merly the long-distance monop-oly carrier and still the market hank. The French-owned company, leader in long distance. Its which has been revived in the past three years by chairman Mr Frank Mancuso, is expec-Chilean controlling share-

holder, Chilquinta, bas recently signed a shareholder ted to fetch between \$1.5bn and \$2.5bn after bidding closes agreement with Stet of Italy later this year. and is still working out an arrangement with its new part-The announcement follows ner and Samsung of Korea. formal approval of the sale by which also has a substantial the French government. Mr Mancuso, who has more

becoming a more rational.

smarter player, facing up to

Entel operates a cellphone concession outside the Santiago-Valparaiso region. It is understood to be in talks with the Chilean subsidiary of Bell-South of the US, and the fourth cellphone operator, which bolds the other Santiego licence. An alliance between the two would share the same

logic as the CTC-VTR link-up. A third contender for e PCS licence is Telex Chile, a smaller long-distance carrier. which is currently looking for e strategic partner to bring in

CONVOCAZIONE

Seni Eni

L'Assemblee degli Azionisti dell'ENI S.p.A. è convocata in sede ordinaria in Roma, Auditorium della Tecnica, Viale Tupini n. 65 per il giorno 12 aprile 1996 alle ore 10 in prima convocazione e, occorrendo, per Il giorno 13 aprile 1996, stassi ora e luogo, in seconda convocazione per discutere e deliberare sul seguenie

Il testo Italiano prevale su quello inglese

1. Determinazione del numero dei componenti il Consiglio

di Amministrazione: 2. Determinazione della dureta in carica degli Ammi-

nistratori; 3. Nomina dei componenti Il Consiglio di Amministrazione;

4. Nomina del Presidente del Consiglio di Amministrezione;

5. Determinazione del compenso del Presidente e degli Amministreton

Ai sensi dello Statuto, gli Amministratori saranno nominati mediante voto di lista, eccetta quello nominata dal inistro del Tesoro d'intesa con i Ministri del Bilancio e della Programmazione Economica e dell'Industria, del Commercio e dall'Artigianato.

t soci che rappresentino elmeno l'1% del capitale sociele e Il Consiglio di Amministrazione uscente potranno presentare una lista di candidati al Consiglio di Amministrazione con le modalità previste dallo Stetuto. Le liste presentete dovranno essere depositate presso la sede sociale e pubblicate su almeno tre nuctidiani italiani e diffusione nazionale. di cui due economici, almeno venti e dieci giomi prima di quello tissato per l'Assemblee in prima convocazione, rispettivamente per le lista presentata dal Consiglio uscente e per quelle presentate dagli Azionisti. Hanno diritto di intervenire in Assemblea gli Azionisti che

avranno depositato le azioni almeno cinque giorni prima della data della prima convocazione presso la sede sociale in Roma, Plazzale Enrico Mattei n. 1, oppure presso le seguenti casse incaricate: Banca Commerciale Italiana S.p.A., Credito Italiano S.p.A., Istituto Bancario San Paolo di Torino S.p.A., Banco di Napoli S.p.A., Banca Nazionale del Lavoro S.p.A., Banco Ambrosiano Veneto S.p.A., CARIPLO - Cassa di Risparmio delle Provincie Lombarde S.p.A., Banca Monte dei Paschi di Siena S.p.A., Banca di Roma S.p.A., Banca Fideuram S.p.A., Banco di Sicilia S.p.A., Deutsche Bank S.p.A., Sofid Sim S.p.A., Citibank N.A., Morgan Guaranty Trust Company of New York -ADR Administration New York e Securities Services Milano, nonché Monte Titoli S.p.A. per i titoli dalla stessa amministrati,

Il voto potrà essere esercitato anche per corrispondenza in conformità alle disposizioni del "Regolamento concernente le condizioni e le modalità per l'esercizio del diritto di voto per comspondenza" emesso il 30 dicembre 1994 dalla Banca d'italia, dalla Consob e dall'ISVAP e pubblicato sulla Gazzetta Ufficiale del 5 gennaio 1995, n. 4 (Serie generale). Le proposte di deliberazione dei Consiglio di Amministrazione all'Assemblea e le relazioni illustrative sono state depositate presso la sede sociale e gli enti indicati in precedenza e vi rimarranno fino alla data della riunione assembleare. La scheda di voto. unitamente ai biglietto di ammissione alle votazione, dovrà pervenire alla Segreteria Societaria dell'ENI S.p.A., Piazzale Enrico Mattei, 1 - 00144 ROMA, entro il 9 aprile 1996.

I possessori di ADRs, rappresentativi ciascuno di dieci azioni ordinarie dell'ENI S.p.A., quotati alla Borsa di New York che risulteranno iscritti alla data del 29 marzo 1996 nell'appo-sito registro tenuto dalla Morgan Guaranty Trust Company of New York, avranno la facoltà di partecipare all'Assemblea o di esercitare il voto per corrispondenza, osservati gli adempimenti di deposito e registrazione delle azioni possedute; i medesimi possessori, qualora si siano avvalsi del voto per delege o per corrispondenza, avranno la facoltà di seguire i lavori assembleeri, previe richiesta scritta ella Morgen

ENI S.D.A. Sede sociale In Roma, Piazzale Endco Mattel, 1 Capitale sociale: L. 7.999.205.453.000 i.v. N. 6866/92 Registro delle imprese di Roma (Tribunale di Roma) Codice fiscale 00484960588

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NOTICE OF SHAREHOLDERS' MEETING

مكنامنالكمل

The Ordinary Shareholders' Meeting of ENI S.p.A. is to be held in Rome, Auditorium della Tecnica, Viale Tupini n. 65 on April 12, 1996 et 10 a.m. local time on first call, and, where necessary on April 13, 1996 et the same time and location on second call, to discuss and resolve on the tollowing

Agenda 1. Determination of the number of the Board of Directors'

members:

2. Determination of the Directors' term;

- 3. Appointment of Directors; 4. Appointment of the Chairmen of the Board of Directors
- 5. Determination of the Chairman's and Directore'

Pursuant to the By-laws, Directors will be appointed from e list, with the exception of the Director appointed by the Minister of the Treasury, in agreement with the Minister of the Budget end Economic Planning end the Minister ot Industry, Trade and Crafts.

Shareholders representing at least 1% of the Company's capital stock and the current Board of Directors may present a list of candidates to the Board of Directors according to the procedures set in the By-laws. The lists presented must be deposited at the Company's Registered Office and published In at least three Italian newspapers of general circulation, two of them business dailies, at least twenty and ten days prior to the date set for the Shareholders' Meeling on first call. respectively for the list presented by the current Board and for those presented by the Shereholders.

Admission to the Meeting will be granted to Shareholders who have deposited their Shares at least five days prior to the date of the first call at the Company's Registered Office in Rome, Piazzale Enrico Mettei, 1 or with one of the tollowing Agents: Banca Commerciale Italiana S.p.A., Credito Italiano S.p.A., Istituto Bancario San Paolo di Torino S.p.A., Banco di Napoli S.p.A., Banca Nazionele del Lavoro S.p.A., Benco Ambrosiano Veneto S.p.A., CARIPLO-Cassa di Risparmio delle Provincie Lombarde S.p.A., Banca Monte dei Paschl di Siena S.p.A., Banca di Roma S.p.A., Banca Fideuram S.p.A., Banco di Sicilia S.p.A., Deutsche Bank S.p.A., Sofid Sim S.p.A., Citibenk N. A., Morgan Guaranty Trust Company of New York ADR Administration New York and Securities Services Milan, and Monte Titoli S.p.A. for the Securities it manages.

Vote may be exercised elso by mail pursuant to the provisions contained in the "Regulation regarding the conditions and procedures followed for the exercise of voting rights by mail issued on December 30, 1994 by the Bank of Italy, Consob and ISVAP and published in the Gazzetta Ufficiale no. 4, January 5, 1995 (Serie generale). The resolution proposals of the Board of Directors to the Shareholders and the relating reports have been deposited et the Company's Registered Office and with the above mentioned Agents and shall remain at the Shareholders' disposal until the date of the Meeting. The Vote by Mail Card, together with the Admission Ticket Card, will have to be received by ENI S.p.A.- Segreterie Societaria, Plazzale Ennico Mattei, 1 -

ROME, 00144 Italy by April 9, 1996. Beneficial Owners of ADRs, each of them representing ten ordinary Shares issued by ENI S.p.A., listed on the New York Stock Exchange who have deposited their ADRs with the Morgan Guaranty Trust Company of New York, by March 29, 1996 will be entitled to participete in the Meeting or to exercise votes by mail, after having complied with the deposit and registration requirements for Shares held. neficial Owners who have taken advantage of Proxy Vote or Vote by Mail options are entitled to observe the Meeting upon written request to be made to the Morgan Gueranty

Storm brews over RJR vote

By Richard Tomkins in New York

A dispute looks set to break out over the means used by corporate raiders Mr Bennett LeBow and Mr Carl Icahn last month in their bid to win shareholder support for a break-up of RJR Nabisco, the US tobacco and food group.

Mr LeBow's Brooke Group Meaning of the La. set a deadline of midnight on per ever class of Netzer February 15 for shareholders to andarra securitar vote in favour of his spin-off proposal. But his company did signal and the second second not announce the result until New growing the States State five days later, on February 20. wite: 1.111.12.101 At that stage, Brooke Group announced that Mr LeBow had triumphed, winning 50.4 per Q. 5. 5 2 2 5 7 1 cent of the vote. The surprise result gave Mr LeBow and Mr The same workships Icahn the momentum they needed to press ahead with

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pendent inspector of elections for checking. Now, sources close to the checking process say the figures indicate that Mr LeBow had lost the vote by a narrow margin at midnight on February 15.

Close examination of the voting slips, the sources say, sug-gests that Mr LeBow was only able to claim ultimate victory in the poll because he counted votes received after his selfimposed deadline had passed. The precise result may not make a great difference to the outcome, since the vote is not binding on RJR Nabisco and

group.

the company has vowed to ignore it. But RJR Nahisco 21. buying shares at prices seems likely to use the figures as e vindication of its stateranging from \$33 to \$35. Mr ment on February 16 that the LeBow's Brooke Group owns vote appeared to have gone against Mr LeBow.

credibility in the run-up to the hattle for control of the company at its AGM on April 17. Mr LeBow and Mr Icahn are trying to force RJR Nabisco into an immediate spin-off of its Nabisco food husiness, saying the move would increase value for shareholders. RJR

Nebisco says an immediate spin-off risks legal action by anti-tobacco plaintiffs with litigation pending against the A filing with the Securities and Exchange Commission shows that Mr LeBow and Mr Icahn have lifted their stake in RIR Nahisco from 4.8 per cent to 5.8 per cent since February

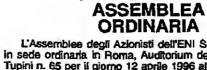
The group's television inter-ests include MGM Gold, an international entertainment channel due to debut in Asia this year to be followed by similar ventures in Europe. TV studios, reopened under

Mr Mancuso's aegis, have two new series running on US broadcast channels, with more in the pipeline, including an animated series based on the film, All Dogs Go To Heaven.

Under Mr Mancuso the company has tapped a steady stream of successes, including Get Shorty and Goldeneye.

MGM's share of the US box office grew to 6.3 per cent last year - against L9 per cent in 1993 - and so far in 1996 has climbed to 7.6 per cent.

In the three-year period to he end of 1995, gross takings 5.16m shares and Mr Icahn Mr LeBow and Mr Icahn are at the domestic box office have seeking shareholder support jumped from \$95m to \$333m for the election of an alternate while internetional ticket sales have soared five-fold to \$150m.



Ordine del giorno

their proxy battle against RJR Nabisco. After Brooke Group had

completed its count, the voting

If the figures are confirmed. RJR Nebisco is also likely to use the sequence of events as further ammunition with slate of directors who would slips were passed to an inde- which to attack Mr LeBow's support their spin-off plan.

Pooling resources to gain mass

Bernard Simon on the proposed Battle Mountain-Hemlo merger

How they compare he trend towards consolidation in the international mining industry has moved another step forward with the proposed merger of Houston-based Battle Mountain Gold and Canada's Hemlo Gold to form North America's fifth-biggest gold producer.

The combined company, to be known as Battle Mountain, would produce more than 1m ounces of gold this year from nine mines in North America, Bolivie, Australia and Pepua New Guinea, Its reserves would total about 13m ounces. The two companies have proposed a US\$1.5bn share swap,

0.1

with Hemlo sharebolders receiving 1.48 Battle Mountain shares for each Hemlo share. The deal, which still requires shareholder approval, values Hemio shares at C\$21.03 each, a 20 per cent premium to their market price prior to the announcement.

Noranda, the Canedian resources group which currently owns 44 per cent of Hemlo, would be the biggest shareholder in the combined group, with a 28 per cent stake. The two commanies said the merger would make e good fit. Hemlo currently depends on its Golden Giant mine in northern

Earlings per share Revenues Gold production (Sm) (Sm) 0.5 800 -----1 14 -- 400 -0.3 0.2 100-- 200 -

1994 1995 1994 1995 1994 Production allianted by CTS-week and 7-day shedown for repairs

Resources. Crown Butte has

raised e storm in US environ-mental and political circles by

exploration activities.

Source: Companies

Ontario for about 90 per cent of

its output. Mr Alan Thomas,

Noranda's chief financial offi-

cer, said that Hemlo's growth

potential "is not as great as

Battle Mountain would gain

sccess to Golden Giant's low-cost production. It would con-

tribute well-established inter-

national operations which

include the big Kori Kollo

we'd like it to be".

proposing to build a mine close to Yellowstone National Park, one of the best-known tourist attractions in the US.

Hemlo shares bounced up by C\$1.75 to C\$19.13 in early trading on the Toronto exchange yesterday. Battle Mountain lost 62 cents to US\$9.75 on the New York stock exchange.

r Todd Hinrichs, ana-M lyst at Everen Secu-rities in Chicego, said Battle Mountain's exploration activities brightened Hemlo's growth prospects. But be expressed reservations about the short-term implications for Battle Mountain, noting that the US company was paying "top dollar" and that the addition of Hemio would dilute its ratio of reserves to market value,

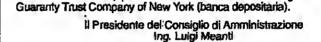
The deal is the latest in a series of mining mergers and sequisitions, especially in North America and Australia, which have been propelled by strong cash flows, high share prices, and by an appetite to expand reserves and diversify risk. Some industry executives believe that a handful of large, multinationals are emerging that will come to dominate the industry.

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INFORMAZIONI PER GLI AZIONISTI VOTO DI LISTA E PUBBLICAZIONE DELLE LISTE

I soci che rappresentino almeno l'1% del capitale sociale e il Consiglio di Amministrazione uscente potranno presentare liste di candidati al Consiglio di Amministrazione. Le liste dovranno essere depositate presso la sede sociale uni-tamente alle dichiarazioni con le quali i singoli candideti accettano la propria candidetura e attestano, sotto la propria responsabilità, l'inesistenza di cause di ineleggibilità e di incompatibilità, nonché l'esistenza dei requisiti prescritti dalla normativa vigente per ricoprire le carica di Amministra-tore. Le liste presentate degli Azionisti e dal Consiglio di Amministrazione uscente dovranno essere pubblicete su almeno tre quotidiani italiani a diffusione nazionale, di cui due economici, rispettivamente almeno dieci e venti giomi prima di quello fissato per l'Assemblea in prima convocazio-ne. Al fine di comprovare la titolarità del numero di azioni necessario alla presentazione delle liste, gli Azionisti dovranno presentare e/o recapitare presso la sede sociale, con almeno cinque giorni di anticipo rispetto e quello fissato per l'Assemblea in prime convocazione, copia dei biglietti di ammissione emessi dai soggetti depositari delle loro azioni.

Ognì azionista potrà presentare o concorrere alla presentazione di une sola lista e ogni candidato potrà presentarsi in una sola lista e pena di ineleggibilità. Ogni avente diritto al voto potrà votare una sola lista.

VOTO PER CORRISPONDENZA

Il voto potrà essere esercitato anche per corrispondenza in conformità alle disposizioni del "Regolamento concemente le condizioni e le modalità per l'esercizio del diritto di voto per comspondenza* emeseo il 30 dicembre 1994 delle Banca d'Italia, dalla Consob e dall'ISVAP e pubblicato sulla Gazzetta Ufficiale del 5 gennaio 1995, n. 4 (Serie generale).

Le schede per l'esercizio del voto per corrispondenza. corredate con le relazioni illustrative e le proposte di deliberazione dei Consiglio di Amministrazione relative alle materle poste all'ordine del glorno, sono depositate presso le sede sociale e le Casse incaricate e partire dalla data di pubblicazione sulla Gazzetta Ufficiale dell'avviso di convocazione e fino alla data dell'Assemblea. Le liste di candidati al Consiglio di Amministrazione che saranno presentate dai soci che rappresentino almeno l'1% del capitale sociale e dal Consiglio di Amministrazione uscente, depositate e pubblicate nei termini in precedenza indicab, saranno tempesti-

vamente messe e disposizione delle Casse incaricate. Gli Azionisti che intendono esercitare il voto per com-spondenza dovranno fame richiesta agli enti indicati nell'avviso di convocazione depositando presso gli stessi le azioni o, per le azioni amministrate dalla Monte Titoli, le certificazione di cui all'articolo 3 della Legge 19 giugno 1986, n. 289.

Gli enti indicati nell'evviso di convocazione nlasceranno agli Azionisti che intendeno esercitare il voto per comispon-denza il biglietto di ammissione alla votazione e una cartella contenente la scheda di voto corredata con le relazioni Illustrative, le proposte di deliberazione e la documentazione esplicativa sulla modalità di esercizio del voto per comspondenza, nonché una busta già predisposta per l'invio alla Società.

La busta contenente la scheda di voto e il biglietto di ammissione alla votazione dovrà pervenire ella Segreteria. Societaria dell'ENI S.p.A., Piazzale Enrico Mattei, 1 - 00144 ROMA, entro e non otre il 9 aprile 1996.

Le schede pervenute alla Società oltre il suddetto termine, o non corredate con il biglietto di ammissione alla votazione, non saranno considerate ai fini della costituzione dell'Assemblea e della votazione; le schede pervenute alla Società prive della sottoscrizione non saranno considerate ai fini della votazione. Il voto per corrispondenza è incompatibile con il niascio

di delega e deve essere esercitato direttamente dal titolare del diritto di voto sulle azioni.

I Signori Azionisti sono cortesemente Invitati e presentar-

si in anticipo rispetto all'orario di inizio dell'Assemblea al fine di agevolare le operazioni di emmissione; le operazioni di registrazione saranno espletate presso la sede di svolgimento dell'Assemblea a partire dalle ore 9.

La Segreteria Societaria dell'ENI è a disposizione per eventuali ulteriori informazioni ai seguenti numeri: Telefono 06/59822421 - Fax 06/59822233.

Trust Company of New York, ADR Depositary.

The Chairman of the Board of Directors Ing. Luigl Meanti

INFORMATION FOR SHAREHOLDERS LISTS OF CANDIDATES AND THEIR PUBLICATION

Shareholders representing at least 1% of the Company's capital stock and tha current Board of Directors may present lists of candidates to the Board of Directors. Lists must be deposited at the Company's Registered Office together with a declaration from each candidate accepting nomination and attesting, under his/her own responsibility, that there are no impediments to his/her appointment and no conflict of interest resulting from the same, and that he/she meets the requirements set by current legislation to hold the office of Director. Lists presented by Shareholders and the current Board of Directors must be published in at least three italian newspapers of generel circulation, two of them business dailies, respectively at least ten and twenty days prior to the date set for the Shareholders' Meeting on first call. In order to give proof of ownership of the number of Shares necessary to present a list, Shareholders must present and/or deliver to the Company's Registered Office et least five days prior to the data set for the Meeting on first call, copy of the Admission Ticket Cards issued by the depositaries of the Shares, Each Shareholder will be allowed to present or be invol-

ved in the presentation of only one list and each candidate may be included in only one list, under penalty of being barred from election.

Each Beneficial Owner may vote for one list only. VOTE BY MAIL

Beneficial Owners may exercise their right to vote also by mail pursuant to the "Regulation regarding the conditions and procedures to be followed for exercising voting rights by mail" issued on December 30, 1994 by the Bank of Italy, Consob and ISVAP end published in the Gazzetta Ufficiale no. 4, January 5, 1995 (Serie generale). Vote by Mail Cards, together with the reports and the

proposals of the Board of Directors regarding the issues included in the agenda of the Shereholders' Meeting, are deposited at the Company's Registered Office and with the Agents from the dey of publication in the Gazzetta Ufficiale of the Notice of Meeting to the date of the Meeting. The lists of candidates to the Board of Directors to be presented by Shereholdere representing at least 1% of the Company's capital stock and by the current Board of Directors, deposited and published according to the terms above mentioned, will be delivered to the Agents es soon as they become available.

Shareholders who intend to exercise their vote by mail must apply to the Agents Indicated In the Notice of the Meeting, depositing their Shares with such Agents or, for the Securities deposited with Monte Titoli, by supplying the certificate pursuant to article 3, Law 289, June 19, 1986. Agents indicated In the Notice of Meeting will issue to

Shareholders who wish to exercise their vote by meil the Admission Ticket Card and a folder containing the Vole by Mail Card together with the reports, the proposals submitted to the Meeting, the documents explaining the vote by mail procedures and an aiready addressed envelope for the delivery to the Company.

Envelope containing the Vote by Mail Card and the Admission Ticket Card will heve to be received by ENI S.p.A.- Segreteria Socielaria, Piazzale Enrico Mattei, 1 -ROME, 00144 Italy by April 9, 1996.

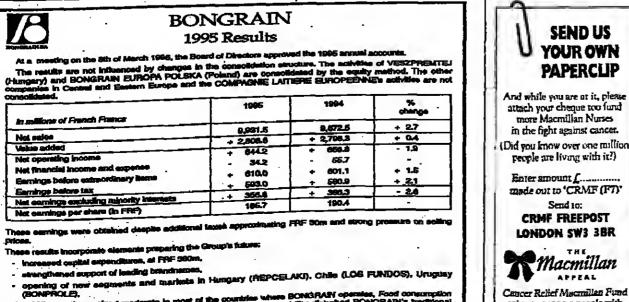
Cards received by the Company after such dale, or not accompanied by the Admission Ticket Card, will be coneidered neither for the Meeting nor for the voting procedure. Cards received by the Company that have not been signed will not be considered in the voting procedure.

The exercise of vote by mail is not compatible with voting by proxy and must be exercised in person by the Beneficial Owner.

* * * * *

Shereholders ere kindly requested to arrive et the Meeting in edvance with respect to the time at which the Meeting is due to start, to allow for admission procedures, Registration for the Meeting will take place at the same location of the Meebing starting at 9 a.m.,

ENI's Corporate Secretary is available for any further information Shareholders may need et the loilowing numbers: Telephone 06/59822421 - Fax 06/59822233.



in 1985, growth remained moderate in most of the countries where BONGRAIN operates, Food cons yed fist, periodiarty in France and Germany, and monetery instability disturbed BONGRAIN's tra

At the shareholders' Annual General Meeting to be held on the 50th of April 1996, the Board of Directo At the shareholders' Annual General Meeting to be held on the 50th of April 1996, the Board of Directo Recommend a test dividend mainteined at 61 French Prence per share. This meeting will be followed by an Extense Regnant Meeting, at which a tree distribution of shares will be proposed, at the ratio of 1 for 10, financed from rece

open-pit mine in Bolivia and an 8 per cent stake in the Lihir gold project in Pepua New Guinea as well as extensive However, Battle Mountain would acquire a headache in the form of Hemio's 60 per cent interest in Crown Batte

:7

COMPANY NEWS: UK

'Orphan estate' of up to £5bn may be used to pay for purchase of mutual life assurer

*

Pru shares rise on hope of access to life fund

By Alison Smith, Investment Correspondent

18

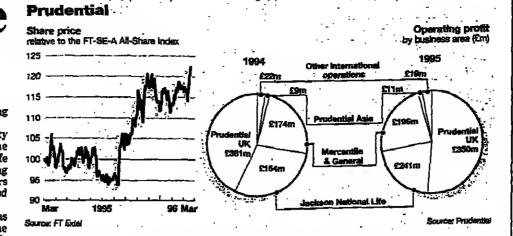
Shareholders in Prudential Corporation, the UK's largest life assurer, could gain access to some of the unattributed assets in its long-term life fund, following discussions with the Department of Trade and Industry. The shares rose steeply on the news, finishing the day 27p up at 454p.

The Pru's announcement that it was discussing the issue with the DTI came as it tions of policyholders.

revealed 1995 pre-tax profits of Prudential is late in raising £1.04bn (\$1.59bn), compared this issue with the DTI. He also raised the possibility with £358m. that the Pru might use the Analysts' estimates of the

fund to buy a mutual life unattributed assets - or "orphan estate" - range up to £5bn. But shareholders will assurer, as one way of enabling it to reach more customers have to wait perhaps 12 to 18 months for the DTI talks to through an additional method of selling. end and the potential benefit to The Pru said last year it was

interested in buying within the become clearer. An "orphan estate" is the UK life sector, though Mr amount in a with-profits life Davis did not confine himself fund beyond what is needed to to this area yesterday, raising speculation that the group meet the reasonable expectamight seek to buy a bank or



time this operation could be mainly to its existing customer expanded to include a wider base, but through the low-cost range of financial services. channels of the telephone and post.Mr Davis said that over Lex, Page 12

Schroders' executives to

DIGEST **Cordiant incurs** loss of £23m

Cordiant, the advertising group which includes Saatchi & Saatchi, yesterday said it was "drawing a curtain on a chapter in the company's history", as it announced pre-tax losses for 1995 of £22.6m (\$35m). The company is now debt-free, following a £127m rights issue last year.

However, it is still recovering from the revenue consequences of the ousting of Mr Maurice Saatchi as chairman and the loss of senior staff and important clients. Client datections totalled 240m in annual revenue, which has now been replaced with new business, said Gordiant. Cordiant plans to declare a dividend in March 1997, the first Diane Summers for seven years.

Art and jewels lift Christies

A substantial improvement in demand for works of art enabled Christies International, the fine art auctioneer, to report a 32 per cent profits rise in 1995.

The results reflected in particular the key area of Impressionist and Modern art where auction sales last year were 67 per cent higher. Jewels also showed a sharp gain, with Antony Thorncroft sales up 37 per cent to £158m.

Wolseley warns on full year

Recovery in the UK housing Wolselay market is likely to come too late to prevent Wolseley's annual pre-tax profits falling below last year's level, Mr 120 Jeremy Lancaster, chairman

and managing director of the huilding products

distribution group, warned yesterday, Mr Lancaster's caution came as the company announced a 5 per cent fall in pre-tax profits to £110.97m (£117.26m) for the six months to the end of January. The group blamed the dip on problems at its

22.10.00

Resulti

UK electrical accessories business, where cut-price competition from south-east Asian manufacturers forced it to. close its factory in Cumbria. There was also a downhurn at its North Carolina lumber business. Andrew Taulo

RTZ-CRA £49m pension boost

RTZ-CRA, the newly merged Anglo-Australian mining group. is to benefit from a repayment of about £49m (\$75m) from RTZ's three UK pension schemes which have been performing strongly since the mid-1980s. The company announced yesterday that surpluses in the funds, which have been performing at about one percentage point above the average since 1984, are in excess of limits laid down by the Inland Jim Kelly

Liffe Emu contract settlement

The London International Financial Futures and Options. Exchange (Liffe). in a ground-breaking move to prepare for European monetary union, has decided its contracts will settle against euro rates for all currencies participating in Emu. This will apply even if active markets for domestic currencies continue to run in parallel with the new euro market.

The decision, covers futures contracts on three month D-Mark ("euromark") and three month sterling ("short sterling") interest rates. Somer Isk Samer Iskandar



The shareholders of Inurum Justina NV, the "Company", are hereby given notice to attend a Special General Meeting of Shareholders

which will be held on Friday, 5 April, 1996 at 10.00 hours, at the registered offices of the Company, Chumaceirokade 3, Wille

1. The adoption of the Intrum Justitia 1996 Senior Executive Share

2. The authorisation of the Company to purchase its own shares from

The circular to shareholders dated 12 March, 1996 can be obtained

from the following places: the Registered Office of the Company. Intrum Justitia NV, Chumaceirokade 3, Willemstad, Curaçao,

Netherlands Antilles: The Registrar, at The Royal Bank of Scotland plc.

The following items are on the agenda for this Meeting:

Curação, Netherlands Antilles,

Bonus Plan.

its capital.

Williams plans £200m of acquisitions

By David Wighton

Williams Holdings, the diversified industrial group, is in talks to acquire husinesses worth more than £200m (\$306m), including its first manufacturing operation in South America. Mr Nigel Rudd, chairman, stressed that

not all the deals might be concluded, hut said Williams was in a financial position to take advantage of a large number of opportunities in its core businesses. "We have the financial headroom to capitalise on a deal flow which is hetter than it has

liams was talking to potential buyers of its electronics businesses, where profits recovered to about £7m on sales of nearly £100m last year. The group yesterday announced a 14 per cent increase in 1995 pre-tax profits to 2238.3m. Excluding a £9.1m gain on the November flotation of Cortworth, the spe-

ever been." In addition, Mr Rudd said Wil-

cialist engineering company, profits were 9 per cent ahead. Underlying earnings per share were 2 per cent better at 22.3p, reflecting slightly higher tax and a full year's impact of the

£267m rights issue in 1994. This has left Williams with a strong balance sheet, in spite of spending £350m over the past two years on acquisitions and capital invest-ment. Last year, capital spending rose 32 per cent to £51.5m, while £61.2m went on acquisitions. Year-end gearing was only 19 per cent, on shareholders' funds of £501.6m, with interest cover of 16 times.

building society.

it plans to launch a mort-

gage lending and retail savings bank in October, selling

Mr Rudd said a lot of effort had gone into the globalisation of its security and fire safety operations. The process led last month to the announcement of Williams' first investment in China.

build up UK equities By Nicholas Denton Schroders, the UK investment bank, has hired two executives to huild up UK equities research and sales on the eve of an expected announcement of a further expansion of its

securities busine The bank is appointing Mr Peter Wellington as head of UK research and media analyst, it confirmed yesterday, and Mr

Richard Wyatt is joining as head of institutional sales. The two men, who were head of equity research, and of equities respectively at NatWest Securities, are following Mr Philip Augar, who left National Westminster to head Schroder

for 1995, against £195.4m in 1994 and £195.8m in 1993.

Securities a year ago. Analysts expect Schroders'

we firmly believe implementation, clients are the that as no two same, then no two answers should be. That's why we prefer to bring together the brains and brawn of our global network to fit your particular requirement. Which is what we call using our iptelligence.

At BZW we have never lost sight of one overriding

business principle. Unless we continue to be brighter and better than our competition, we

have little future. So, from advice to

	 P.O. Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, Scotland; Kredictbank S.A. Luxembourgeoise, 43 Bonlevard Royal, L-2955 Luxembourg, Luxembourg; and James Capel & Co, Thames Exchange, 10 Queen Street Place, London EC4R 1BL, United Kingdom. 	lt's not
	Shareholders can attend the meeting in person or may be represented at the meeting by proxy. If any shareholder wishes to be represented at the meeting by proxy then the bolders of the registered shares are requested to complete a proxy form together with their voting instructions and mail these to The Registrar:	This is kind of pha
	The Royal Bank of Scotland pk., P.O. Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, Scotland	The rece
	Holders of bearer shares are requested to deposit their shares with a bank and to arrange for the completion and execution of a certificate of deposit which should be sent with the proxy forms and voting instructions so as to be received by The Royal Bank of Scotland no later than 2 April, 1996 at 10,00 hours.	lt's a pa
	12 March, 1996.	quite rema
	Notice to Bondholders	people wo
	Kia Precision Works Co., Ltd (incorporated in the Republic of Korea with limited liability) (the "Comparty") U.S. \$18,000,000	million per
	0.5 per cent. Convertible Bonds 2009 (the Bonds") Pursuant to provision 6(B) of the Trust Deed dated 14th july, 1994	And it's
	constituting the Bonds, notice is hereby given as follows: A stock Dividend to increase the Company's pald-in capital was authorised by a resolution of the Board of Directors of the Company passed on loth December, 1995 as follows:	announcem
	 Record date: 31st December, 1995. The Stock Dividend ratio was 2.0% of paid-in capital. Number of sharps to be issued: number of compton shares to be increased by 106, 320. 	Because
	 Convention price has been adjusted from 17,822 to 17,636 (pursuant to the provisions of the Trust Deed, effective retroactively to immediately after the record date). The schedule of the Stock Dividend was submitted to the Shareholder's 	^{specialised}
	Meeting which was held on 29th February, 1996, and it was passed during the meeting as the company's original intention without material objections from the shareholders. By: Kia Precision Works Co., Ltd	logether to
NK PLC	13th March, 1996	Result

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INVESTMENT BANKING.

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FINANCIAL TIMES WEDNESDAY MARCH 13 1996 *

هكنامن الأجهل

In the fight against disease, this could be the most powerful weapon yet.

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justitia

It's not magic. But it may yet work miracles. This is the trademark of a completely different kind of pharmaceutical venture.

The recently-merged Pharmacia & Upjohn.

It's a partnership that has created a company of quite remarkable depth and scope: over 30,000 people working in 50 countries and serving 200 million people around the world.

And it's for those 200 million people that this announcement should come as very good news.

Because the merger will give two pools of specialised medical talent the opportunity to work together for the first time ever.

Resulting in real, tangible benefits in the fight

against cancer, AIDS, infectious diseases and many other medical conditions.

This merger is not simply a matter of shared resources, however.

It is also about shared ideals.

Our trademark stands as a symbol for humanity, hope and inspiration.

Values that we intend to apply to every single aspect of the way we do business.

You are surprised to hear such sentiments coming from a global pharmaceutical company?

This is not the last time we'll be surprising you. You can be sure of that.



COMPANY NEWS: UK

AMIC

Abridged statement by the Chairman Mr Leslie Boyd, results and notice of capitalisation share award and right of election to receive instead a final ordinary dividend for the year ended 31 December 1995



For Amic, 1995 proved to be an highly successful year. Total net earnings rose by 51 per cent to a record R1 062 million from last year's earnings of R702 million, which have been restated to reflect a change in accounting policy for extraordinary items that complies with international Accounting Standards. Several major projects - notably the R3.5 billion Columbus stainless steel joint venture - were commissioned, each representing a permanent strengthening of South Africa's industrial base and enlargement of its capacity to add value to our natural resources.

of its capacity to add value to our natural resources. Total net earnings per share, reflecting the greater number of shares in issue, were 47 per cent higher at 1 603 cents on the restated basis. Earnings per share adjusted for items of a capital nature, increased by 42 per cent to 1 569 cents, emphasising the improvement at operating level. Having declared an interim dividend of 160 cents in cash, the board has again decided to award capitalisation shares in respect of the final results. Members may, however, decline the award and elect to receive a final dividend of 385 cents per share. Our major shareholders have indicated their intention to accept the capitalisation shares. The total dividend has increased from 450 cents to 545 cents per share, and dividend cover has been raised from 2.4 times to 2.9 times to reflect heightened uncertainty in our markets. Given the diversified and balanced range of manufacturing and

Given the diversified and balanced range of manufacturing and industrial activities that Amic has developed at home and internationally, the group was well placed to benefit from such conditions - and our efforts ensured that we did. Politically, too, the times were positive, with South Africa making the transition to majority rule in a manner which elicited admiration and support all over the world.

Group Developments

20.

To realise its objectives of sustainable growth and increasing real returns to shareholders. Amic is continuously engaged in the development of new and existing ventures. In 1995, the group spent on a consolidated basis R1 268 million on new developments and R564 million on stay-in business projects. Looking ahead, the group is committed to spend at least R1 billion on expansion and R400 million on asset replacement.

AECf has announced that it plans to sell its interest in Afex Holdings and is exploring the option of a global placement. Amic will participate in such a placing so as to maintain its effective 52.6 per cent holding in AECI. Amic also intends to follow its share of the proposed Mondi - HL&H Timber Holdings acquisition.

Holdings acquisition. The group is assessing a number of new expansionary projects, approval of which may still be some way off, but which could substantially increase our capital programme in future years. The Tongaat-Hulett group has already announced two major new projects. Work on its R600 million greenfields starch and glucose mill near Meyerton, Gauteng has started and is due for completion in the second half of 1997. Final go-ahead for the R1.8 billion expansion of the aluminium rolled-products facility at Pietermaritzburg, in which the corporation will have a 20 per cent direct investment, awaits the government's formal announcement of its decision on a satisfactory programme of phased reduction in tariff protection. phased reduction in tariff protection.

Subject to certain conditions Mondi has reached agreement with Anglo American Corporation and the HL&H Group to acquire their shares in HL&H Timber Holdings which will consist only of the HL&H Mining Timber and Silvacel businesses and hardwood plantations. Competition Board approval for the acquisition has been received. Mondi has a further R500 million programme in hand to increase both capacity and quality at its pulp, paper, hoard and hernher mils.

engines of 1400cc capacity over a period of 30 months, is to invest R126 million in its execution, which will generate more than R350 million in revenue and a thousand new jobs, directly and indirectly.

In May, Amic jointly with Daewoo Corporation of Korea acquired control of Supalek Holdings, a distributor of brown electrical goods listed on The Johannesburg Stock Exchange. Supalek has changed its name to Daewoo Electronics S.A. and has raised additional funds of over R27 million by way of a right issue, jointly underwritten by Amic and Daewoo. The company intends to expand significantly in trading and manufacturing activities in both white and brown goods.

Amic's latest venture, the Safety Syringe project, small in scale but rich in promise, provides another illustration of our ability to identify, and pursue with international partners, new business opportunities that represent a productive fusion of South African capital and technological resources.

As a first step in moving into the international medical As a first step in moving into the international medical consumables and equipment market we are investing some R120 million in the Western Cape to manufacture safety syringes, which offer much greater protection to health-care workers against accidental infection with HIV, hepatitis and other viruses from needle-stick injuries. To promote the commercialisation of this novel device world-wide, we are negotiating an alliance with a leading international manufacturer of medical products.

The Future

It is in the nature of Amic's business that while diversification has diminished our exposure to world commodity cycles, such protection can never be absolute. Thus our performance in 1996 necessarily depends in part on economic conditions in South Africa and the world as a whole - with the former being largely determined by the latter. Unfortunately, world growth slowed somewhat in 1995 as activity in Western economies stagnated from mid-year. This, together with the unwinding of speculative positions in commodities and the run-down in stocks, prought about a charp commodities and the run-down in stocks. speculative positions in commodities and the run-down in stocks, brought about a sharp correction in commodity prices from the high levels that had prevailed. However, a modest pick-up in world trade and industry could be expected in 1996, as the major industrial countries respond to lower interest rates, and prospects for commodities remain encouraging. The fundamental demand/supply situation is significantly better than it was during the low point of the cycle in 1993, and prices could well make up some of the ground lost since 1995.

Turning to our own country, it is to the authorities' credit that despite the revival in domestic demand, inflation averaged slightly less than in 1994, at S.7 per cent over the year. The extension of private credit burgeoned at such a rate that the Bank rate was twice increased, with the result that the prime overdraft rate at 1S.5 per cent is now extraordinarily high in real terms. One must hope that in consequence, demand for credit will ease sufficiently to enable interest rates to be cut.

These high rates, and the country's improved standing internationally, stimulated foreign interest in the domestic bond and equity markets, the capital inflow reaching some R20 billion during the year. That more than offset the current account deficit of R12 billion, making possible a substantial improvement in the country's gold and foreign exchange reserves. In consequence the rand exchange rate remained strong - too strong, perhaps, for the health of the export trade, if the recent weakness of the rand continues, we may look forward to further growth in exports. Taken together with increased agricultural production, further gains in private sector fixed investment, a slower decline in gold production and the beginnings of slonificant RDP in gold production and the beginnings of significant RDP expenditures in such areas as housing, South Africa might well have a growth rate of four per cent in 1996. In these circumstances Amic would expect its 1996 earnings to be similar to the previous year's.

TI Group has five targets in its sights By Tim Burt

TI Group, the engineering and aerospaca equipment company, yesterday hinted that it could spend up to £300m on bolt-on acquisitions to expand its industrial manufacturing operations. The company was said to be considering five acquisition targets, mainly in polymers and mechanical seals. Sir Christopher Lewinton, chairman, is thought to hava ruled out a hostile takeover and has reassured investors that TI would not consider a deal unless it was earnings enhanc-

"We would not feel constrained from doing some quite large bolt-ons and I'd like to expand the industrial side," he He was speaking after TI said its balance sheet was in its strongest position for five years, ending 1995 with net cash of £9.6m, compared with

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borrowings of £84.6m last time. The improved cash record was matched by a strong trad-ing performance last year in

Yr to Dec 31

6 miths to Nov Yr to Dec 31

the group's three operating divisions, despite mixed in the automotive and aerospace sec-

That fuelled a 21 per cent rise in pre-tax profits from £153m to £184.8m - adjusted for the creation of TT's Messier-Dowty landing gear joint ven-

ture - on improved sales of £1.7bn (£1.42bn) Although the figures were flattered by a £3.2m gain on the sale of two non-core investments, TI saw pre-exceptional profits rise by 23 per cent from

£147.8m to £181.6m. Of the operating divisions, the sharpest growth was reported by Bundy, the fuel systems arm, which defied flat demand in North America and

patchy growth in Europe by lifting profits 26 per cent to \$73.5m (\$58.4m). Profits at Dowty Aerospace rose 21 per cent, from £30.2m to £36.5m, but margins fell from 10.1 per cent to 8.3 per cent.

following the integration of its landing gear business with Messier of France - a lower LEX COMMENT Wolseley

Disappointment at Wolse-Wolselay ley's first-half results yesteruay musurates the danger of Share price teams to Main assuming a company is FT-SE-A AT-Sime Trues being conservative when it

is just being realistic. First half profits declined, as Wol-100 seley predicted last year they might, and full year fail short of last year's £345m. Wolseley may be the pick of the builders' mer-00 chants, but it has shown that it is not immune to difficult markets. Yesterday's re-iterated warning has had only a marginal effect on the

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stock's valuation. It is still trading at a substantial premium to the building materials sector. This is justified by the company's strong market pos-tions and its impressive history of making smallish acquisitions work.

Still, the fact remains that some of its markets are looking decidedly tricky. While the UK may be on the way to recovery - though not soon enough to help this year's results. the company concedes - France shows no sign of improve-ment and the US market is looking patchy. The impact of growing competition from foreign imports on parts of the manufacturing business, traditionally a cash-cow, are also

Of course, there is still plenty of room for Wolseley to increase earnings by making acquisitions, particularly in the

US. However if this is to be the main engine of growth, the current valuation of 14 or more times 1997 earnings looks fairly full. Since recovery is not expected fully to be felt until 1997, there is little to be lost by waiting to see if the stock is

strong trad-	margin	n manufa	cturer.	. Tower	goin	ng to get	cheaper b	efore buy	ing it.		м., т. 16 ту
est year in	See	Lex Page	12							1.4.4.	
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	_		_						- Olvideuda -		
	Terrer	er (Em)		t (Sm)	EP	S (p)	Dumant payment (p)	Dets of payment	Corresponding dividend	Total for year	Yokal kest year
	1.35	(1.28)	0.934	(0.782)	4.32	(3.67)	2.75大	Apr 19	2.45	2,75	2.45
Yr to Dec 31	6.85	(6.08)	0.15L	(0.243LA)	6.4L	(9.8L)	3.1	May 10	3.1	5.3	5.3
Yr to Dec 31	203.8	(121.4)	19.3	(10.74)	10.181	(7.45)	1.8	May 28	1.5	3	2.5
Yr to Dec 31	61.1	(56.8)	3.74L	(5.06)	9L	(12.1)	n%	-	5.1	2.9	. 8
Yr to Dec 31		(42.2)	13.1	(14.19)	8.68	(10.27)	8	Apr 26	8 ,	8.125	. 8
Yr to Dec 31 *	191.9	(162.6)	21.5	(16.4)	8.03	(5.91)	2.15	May 30	1,6	2.8	21
_ Yr to Dec 31 +	196.5	(146.3)	18.5	(14.1)	18.27	(13.9)	3.2	May 28	5 X	4.4577	5
Yr to Dec 31	761.1	(775.4)	22.6L	(32.4)	12.8Lt	(4.9)	nit		ndi	20	nd
Yr to Dec 31	43	(36.4)	2.93	6.03	0.9	(2.6)	0.59	May .18	0.53	0.89	0.79
Yr to Dec 30	1,019	(898.8)	53.1	(65.1)	20	(27.7)	14.4	July 1	. 1 1.2 .	18.8	15.5
	6.47	(8.8)	0.594	(1.49)	1.33	(3.07)	0.25	May 20 -	1~		··. 2.
6 miths to Nov 30	17.4	(21)	1.72	(1.56)	4.54	(4.29)	1.5	Apr 15	1.4		4.
Yr to Dec 31	143.9	(130.4)	31,3L	(5.83)	52,9L	(6.15)	1.65	May 3	1.65	3	- 3
6 miths to Dec 31	9.35	(13.3)	0.43	(0.2211)	2	(0.9L)	0.84	Mey 2	-0.7	0.8	- 0.7
	158.5	(132.9)	121	(19.3)	7.21	114)	3	May 7	3	5	. 5
mithe to Dec 31 1	96.2	(162.5)	29L	(71.1)	0.289	(0.704)	·· n11		· •	D	0.875
Yr to Dec 31	374.1	(157.3)	2.98L	(19.6)	1.23L†	(10.08)	3.2	May 8	. 3	14.8	4.5
Yr to Dec 31	127.7	(88.8)	6.54	(4.18)	10.34	(7.19)	. 1.5 .	July 2	- 1. ·	2.5	1,75
6 miths to Nov 30		(19.2)	1.62	(20.1)	5.81	(3.8)	0.75	Apr 22	0.4		1.6
. Yr to Dec 31 ★	8,519	(9,2890)	1.044♥	(3584)	39.8	(11.7)	10.4	May 29	9.5	15,7	14.4
With the Dec 31	39.7	(34)	2.95	(2.93)	5.3	(5.1)	2.45	July 1 .	2.45	3.6	3.8
Vr to Dec 21	20.2	PTT A I	10	(1 60 V	95	71	. 85		7	17	14

39.0 53 85 16.3 7.32 26.5 22.8† 13,42 28.6 (34) (27.4) (68.7) (58.4) (1,420) (1,383) (1,868) (297.6) 2.95 1.9 8.52 7.63 184.6 228.3 111 21.8 (5.1) (71) (14.3) (22.5) (22.5) (20.5) (14.21) (14.21) (2.93) (1.69) (7.1) (9.62) (153) 2.45 7 1.75 7.95 8.25 39.7 30.3 85.8 59.3 1,703 1,599 2,080 261.8 245 9.5 1.85 1.5 8.75 3.6 14 2.5 5.3 12 13.5 2.85 July 15 Apr 30 May 29 May 23 July 31 June 21 Yr to Dec 31 28 wis to Jan 6 1 - 1**3.1**. * . Yr to Dec 31 Yr to Dec 31 8 mths to Jan 31 (200.34) (117,3) (10.5¥) a 75 14.25 4.8 2.95 #____ 14 Yr to Dec 31 II Total 10 Total last Date of Investment Trust NAY 60 Comings (F EPS (m 26.8 6.4 5 Yr to Jan 31 777 (623.4) 9.16 (8.96) 28.6 (28.07) 18.4 Apr 26 Apr 15 Apr 25 17.7 27.5 Denedia Inc Growth 1.6 5.25 5.58 2.15 Yr to Jan 31 78.18 (63.78) 13.8 (124) (5)

Earnings shown beets. Orividends shown net, Figures in brackets are for corresponding period. After exceptional charge. Walter exceptional credit, 10n increased capital restated, Afforeign income bioidend. Afford includes FID element of 1.25p. Mincludes special of 0.5p. Tomparatives for 12 months. Includes special of 10p. Equival for sortp fesue. I Gross premium income. SUSM stock. This comparatives for 15 months. #Third Interim: makes 4.8p to date. reased capital. * Comparati

on turnover of \$92.6m. It currently holds a

Inchcape buys into Peru Coke bottler 🔤

board and lumber mills.

Scaw, having upgraded the Morgan continuous bar mill, is due to commission this year a third direct-reduction iron kiln and an upgraded 70 tonne EBT arc furnace - furnex system, at a total cost of R240 million.

Scaw has acquired, in partnership with a Belgian associate, Magotteaux International S.A., Proacer, which operates a foundry in Chile, at a cost to Scaw of US\$12 million. The operation produces a range of grinding media, mainly for the Chilean mining industry, whose growth prospects over the next decade are extremely favourable.

AECI has brought into production its R250 million lysine plant In KwaZulu - Natal, and has an agreement with BASF, a major international chemicals group, for the world-wide distribution of this additive for animal feeds. Polifin will shortly bring on stream its new R640 million facility at Sasolburg to convert PVC production to more competitive ethylene-based products.

Samcor, having secured an export order from Ford for 200 000

Results

13 March 1996

44 Main Street

Johannesburg

South Africa

Registered Office

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1995 1994 Income Statement R million Rmillion 20 522 16 938 Turnover 1 991 1 135 Earnings from operations Share of earnings of associated companies 299 209 108 Dividends 94 205 101 Retained earnings 150 115 interest carned 25 34 Other income 1 487 2 474 income before interest paid and taxation 397 267 interest paid 1 220 2 077 Earnings before taxation 465 197 Taxation 256 157 - Current 191 Deferred 16 24 STC 18 1 612 1 0 2 3 Earnings after taxation 321 550 540 306 Earnings attributable to outside shareholders Preference dividends 10 _15 702 **Total net earnings** 1 062 (294) (363) Ordinary dividends Earnings retained 699 408 Earnings per ordinary share" - cents 1 603 1 087 - Total net carnings Adjusted earnings# 1 569 1 108 545 Dividends per ordinary share - cents 450 132 160 Interim Final 385 318 *Based on the weighted average number of 66 233 060 ordinary shares in usue for the year # Excluding items of a capital nature the same.

London EC1N 6QP

Satisfactory as a four per cent growth rate would once have seemed to be, it is manifestly inadequate to enable South Africa to make any meaningful progress in addressing its social and economic problems, of which the greatest is unemployment, and the misery and waste of human resources that it represents. South Africans are resourceful people, however, and for the first time they feel themselves to be one nation. Other countries with fewer resources have transformed themselves in relatively short periods into winning nations. So can we. At bottom, it is a matter of will.

> L Boyd Chairman

Capitalisation share award and right of election to receive instead a final dividend

As indicated in the accompanying statement by the chairman, the directors have resolved to award capitalisation shares to ordinary shareholders registered in the books of Amic at the close of business on Friday, 29 March 1996 ("the record date"). The terms of the capitalisation award will be published on Monday, 25 March 1996. Instead of the capitalisation award shareholders may in respect of all or part of their shareholding elect to receive a final dividend of 385 cents per ordinary share in respect of the year ended 31 December 1995 ("the election"). The new ordinary shares to be issued pursuant to the capitalisation award will be issued as fully paid by way of capitalisation of part of Amic's distributable reserves.

Documentation dealing with the capitalisation award and the election will be posted to shareholders on Thursday, 4 April 1996. In order to be valid, completed election forms will need to be received by the company's transfer secretaries by no later than 12h00 on Friday, 26 April 1996.

Forms of election postmarked by not later than 26 April 1996 will be accepted up to 12h00 on Thursday, 2 May 1996. Should such election forms not be received by that date Amic will automatically issue capitalisation shares to all relevant shareholders concerned. Applications will be made to The Johannesburg Stock Exchange and the London Stock Exchange for the capitalisation shares to be listed with effect from the commencement of business on 8 May 1996.

Shareholders are advised that the share registers will be closed from Saturday, 30 March 1996 to Saturday, 13 April 1996, both days inclusive.

The right to elect to receive a dividend is not available to shareholders in any jurisdiction in which it is illegal to grant

By order of the board Anglo American Corporation of South Africa Limited Secretaries per: C L Farrel Divisional Secretary London Office Transfer Secretaries Consolidated Share Registrars Limited Barclays Registrars 19 Charterhouse Street

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1st Floor - Edura Bourne House 40 Commissioner Street Beckenham Kent BR3 4TU 34 Beckenham Road Johannesburg 2001 South Africa

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By Christopher Price

New focus

for Delta

to rebuild

Delta, the cables and

engineering group, will "cull"

underperforming businesses in an attempt to rebuild margins

following a subdued performance last year. The company, hit by cus-

tomer destocking and raw material price increases, hinted that some operations

could be jettisoped as it

reduced exposure to the con-

struction industry and concen-

trated instead on high technol-

ogy cables and specialist

engineering. Mr Robert Easton, chief

executive, said the overhaul

would not result in significant

restructuring charges. As part of that programme,

Delta last year took an £11m charge to cover the cost of

closing its cable manufactur-

ing plant near Manchester

pushing pre-tax profits down

to £53.1m (\$81m), against

£65.1m, despite increased

Aware that the restructur-

ing costs would dent its UK

profits, Delta yesterday pro-posed paying a foreign income dividend - thereby limiting

advance corporation tax write-

By using a Fid, the company

has proposed a final pay-out of 14.4p (11.2p), making a total of

18-9p (15.5p). However, it said the use of Fids did not represent a per-manent change to dividend

The industrial services side,

being expanded by the \$9.7m

acquisition of SEG, the Flo-

rida-based protecting coatings business, reported profits of

593 7m (599 8m)

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sales.

offs to £1.3m.

policy.

margins

By Tim Burt

Inchcape, the international marketing group, yesterday paid \$33.6m for a 25 per cent share in the largest bottier of Coca-Cola in Peru

company with the chairman, Mr Michael Mitchell, who is also a large shareholder. Lima-based Embotelladora Latinoamericana incurred pre-tax losses of \$6m in 1994

drinks market.

44 per cent share of the Peruvian soft Inchcape will hold 30 per cent of the

voting rights and will have management and board control through a joint holding

The holding company will control nearly 60 per cent of the group's shares.

Inchcape already has five Coca-Cola bottling operations in central and southern regions of Chile. Since 1983, the UK group has invested more than £35m in the business, which is the largest of its South American activities.

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Summary results for the year to 31 December 199	5		
Summary results for the year to 31 December 199	1995	1994	Increase
Summary results for the year to 31 December 199 Turnover		1994 £146.3m	Increase
	1995		
Turnover	1995 £196.5m	£146.3m £13.9m	34%
Turnover Operating profit <i>(before flotation expenses)</i>	1995 £196.5m £19.7m £20.1m	£146.3m	34% 42%

Profits exceed forecasts at December flotation

- Group operating margin up from 9.5% to 10%
- Derating profits in the Netherlands up 32%
- Derating profits in the UK up 61%

CMG Germany back in profit following acquisition of PECOM

Commenting on the outlook for the Group in the year ahead, CMG Chairman, Cor Stutterheim said. "We expect the Netherlands to maintain its success in 1996, the UK to continue its improvement and Germany to generate more acceptable profits. The new year has started well and I am confident that the budget for 1996 will be achieved."

CMG plc is one of Europe's leading IT services companies, with national operating companies in the UK, Holland and Germany, it was firsted on the "Sector and Australia" state Exchanges on 1 December 1995. CMG provides consultancy, systems and the sector and the sector is a consultancy systems and the public sector. CMG also provides and the public sector. personnel, company share registration and membership services.

Copies of the full 1995 Annual Report, which will be sent to shareholdery week of oches 14 April, may be obtained from Michael Humington, Group Communications, CMG pic, Tellerel House, Tothik Street, London SW1H 988, Yet 1171-933 1088.

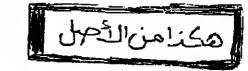
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FINANCIAL TIMES WEDNESDAY MARCH 13 1996

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COMMODITIES AND AGRICULTURE

Fungus scare hits Chicago wheat futures Greece aims to unblock By Alison Maitland in London protest-hit gold project

and Reuters in Washington

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US Department of The Agriculture said yesterday it had halted the issue of fungusfrea certificates for wheat exports to 21 countries following the discovery of a fungus in durum wheat seed in Arizona

The news threw international grain markets into confusion, with wheat futures falling sharply in Chicago and rising in London. sing in London. played. Arizona produced The May wheat futures con- about 1.5m bushels of durum

he collective farm work-

ers wore their Sunday

tract in Chicago was down 7% cents at \$4.84 a busbel by wheat a year for local milling, not export, compared with the lunchtime after falling to \$4.79 600m bushels of wheat grown on fears about the prospects for US wheat exports. It closed in a big producing state like Kansas. "I don't think it's a down 8% cents at \$4.83. Mr Jerry Gidel, agricultural

Another US trader said the

No.

situation should not be over-

major issue." However, the law on certifianalyst at Dean Witter Reyncation was broad-based, which olds in Chicago, said: "It's been had added to confusion over quite emotional. We've got lots the impact of the measure, he of confusion. But tha said short-term impact should be

In London, the news added to expectations of further increases in grain prices this ages wheat and "makes it stink like fishmeal", said one US year. Old crop wheat futures trader were up 90p at £116.45 a tonne bnt eased back to close

between 65p and 85p higher. durum wheat seed infected with the fungus. A USDA offi-cial said a third lot was also Wheat prices are already high, having surged over the past nine months as poor harbeing looked at. Emergency vests in major producing countries helped push world stocks the infected areas. to their lowest levels in 20 The USDA seot a ootice on

March 8 to export-certifying years. The European Union has imposed export taxes on wheat officials to refuse pbytosaniand barley to prevent internal tary certification of wheat prices rising further. grain or seed to the 21 coun-The karnal bunt fungus damtries. The official said wheat

being loaded now at ports could not be certified. Countries affected include China, Russia Brazil, Argen-

Grain inspectors in Arizona last week detected two lots of tina, Morocco and Algeria Ukrainian farmers seek glory in the free market

quarantines were imposed in By Kerin Hope in Athens

> The Greek government would try to stop environmental protests that have blocked a \$200m gold-extraction project in northern Greece by TVX Hellas, a subsidiary of TVX Gold of Canada, officials said this week.

Villagers living near the Kassandra mines, acquired by TVX Hellas in December under Greece's privatisation pro-gramme, claim the project will contaminate water supplies and damage tourism. For the past two months they have prevented TVX Hellas employ-ees from carrying out prelimi-

nary work at the site. TVX Hellas, which spent

government officials would be given detailed briefings on measures being taken to protect the environment.

21

TVX Hellas has said it will spend \$7m on environmental protection measures at Kassandra, including infilling of disused mines and other measures to prevent ground water contamination.

The Kassandra mines have proven reserves of over 13m tonnes of lead and zinc ore. with a grade of 6 grams per tonne of gold, equivalent to 2.8 troy ounces. The mining opera-tion also has a stockpile of 200,000 tonnes of gold-bearing pyrite with a gold content of 25 grams a tonne, equivalent to some 145,000 ounces of gold.

+8,400 to 709,625 +180 to 75,200 -425 to 343,100 -2,700 to 95,750 -570 to 98,894 -1,250 to 628,350 Lead Nickei Zinc Tin 10 8,750 almost two years oegotiating the Kassandra deal, says it has

LINE MARCHOUSE STOCKS (As at Thursday's close)

no immediate plans to invoke the "force majeure" clause of its contract with the development ministry and pull out of Greece, but that it cannot postpone the project indefinitely. Government officials said protestors would face prosecution for raising roadblocks around the site, while local

Alumintum

Aluminium alloy

'Further grain prices rises likely'

"Some increase in area is expected in the US, however, as land flooded last summer is returned to production."

The bank confirms the growing view that prospects for the next northern hemisphere wheat crop appear good. This is the case for China, India, Russia, Ukraine, the EU and the US mid-west, it says. However, dry cooditions in the southern US plains raise concern over the hard red winter

wbeat crop. Demand for fertilisers should rise by at least 5 per cent in the US and 3 per cent worldwide over the coming year, the bank says. US demand sbould be

boosted by strong maize prices and the return to production of land flooded last year. Developing countries are likely to demand more fertilisers and the fall in use by countries of the former Soviet Union and eastern Europe may be coming to an end.

"These factors should keep fertiliser prices high for the next season," it says. "However, new capacity being developed in a number of countries will bring down prices over the medium term.

best. A red banner hanging above the assembly hall stage bore the legend: "Work brings glory and fame". Below a local television personality swing a gavel and emceed the The Lenina collective in Min-KIEV kivka, created in 1929, broke cup last week. Not everyone among the 640 members BOMANIA ?

backed the plan, or completely understood the complex mechanism used to do it. Local leaders called the workers, who this year agreed to divide land and assets of the

4,500 hectare farm, "pioneers". "Today marks a new era." said Mr Oleksandr Lukyachenko, dapnty governor of tha Donetsk oblast, in eastern

-meeting.

Ukraine. Even before 1990 farmers could leave the collective. Few did. A single state farm broke up in western Ukraine, where memories remain of private enterprise under Polish rule. Now the government, along with western donors, wants to speed up the process - and give agricultural reform, seen as critical to Ukraine's economic revival, a timely shot in

the arm. Before last week'a public distribution meeting, the first ever held in Ukraine, Lenina farmers agreed on land plots and inventoried assets. Each got certificates entitling him to Anatoliy Zhukov wanted to

COMMODITIES PRICES

BASE METALS

MOSCOW RUSSIA UKRAINE A Bluck-See Section - Tryling Court

some of both. All but ten chose to participate. No money could be used.

The assets will be divided at such meetings. In committees formed in previous weeks, 17 new farms were created and usually the workers living nearby cast in their lot with them. Ten families chose to start their own farms. Every collective member received the same share of land.

Nine new enterprises wrer also set up by some members, often the better educated spe cialists, who tried to entice others to join their new private companies with their share of the assets, such as tractors or stables. Mr Oleksandr Lantukh, the chief engineer, hoped to get his peers to sign up with his equipment repair outfit; Mr

Précious Metals continued

Matthew Kaminski on the start of the country's collective farm reorganisation programme open a mineral water bottling another 14 par cant of company at the farm. Ukraine's economic output, "We've spent our whola lives But the commitment to cenon the collective and we're oot tral planning policies, broken sure what'll happen," said Mr Mykhailo Kulik, before adding, trade links and a generally spiralling economy quickly took a with little confidenca: "Of toll after the Soviet collapse;

course, the experiment must be supported". The fear seemed to cut along generational lines. "They're since 1990. robbing us," said peosioner Ms Vera Chagodska tearfully. permitting private ownership "The new directors will put all the riches on their trucks, and

leave nothing for us." Stalin's brutal collectivisation drive starved to death an estimated 7m Ukrainian peasants. It worked. Even five years after the Soviet collapse, only 2 per cent of farm land is not in the government's hands. A broad range of political

parties opposes farm reform and hankers after an increase in stata subsidies and trade controls, Even deeper appears the aversion to private ownership of land in a nation for centuries ruled by a tiny landholding elite.

grammes.

receptive.

GRAINS AND OIL SEEDS

Few question the need for reforming agriculture, whose seasonal demands for state credits help drive up inflation each autumn. The country posses some of the richest soil in the world - farming is 17.3 per cent of gross domestic prodoct - and accounts for roughly half of the agricultural potential of the former Soviet Union. The food industry contributes

tant social role in the east Slavic lands. It is the village community, which many fear will be destroyed by division. In economic terms, a reor-ganisation must balance equity with efficiency. That also has proved hard elsewhere. A crop and livestock production has fallen about 20 per cent World Bank agricultural economist added that land reform President Leonld Kuchma needed to go hand in hand last year signed two decrees with privatising agro-busi-

nesses, freeing internal trade and prices, and reducing trade of farm land, The Donetsk region's market-oriented goverbarriers . which, in the end, nor, Mr Volodymyr Scherban, might be more important than gave the green light last Octo-ber to try it out. the messy redistribution of land and assets. The model was first used in In these areas, Ukraine has

Nizhny Novgorod, in central made some progress in recent Russia, and then expanded to months. Already 40 per cent of other regions. Since 1992. 81 Ukrainian farmers get their farms have been transferred to seeds, fertilisers and other the private sector. "Labour inputs from private suppliers productivity increases, work on the free market. Once tied to state contracts that forced ethic improves and management acts differently," said Mr producers to sell at below mar-Edward Nassim, director at the ket prices, they can today choose a newly opened com-Europe department of the International Finance Corporamodities exchange or western tion, which helped put together agro-business concern. Trade

the Russian and Ukrainian prorestrictions remain cumbersome, however, As the communists rail Critics charge, however, that it may be too slow, too expenagainst turning land into a sive and too hard to replicate. Donetsk will go ahead with "commodity", the market reformers counter that last year roughly 40 per cent of all food output came from prithree farms now, and organisers claim others are eager too. But regions run by less provately held land, including the market leaders might not be ubiquitous weekend garden plots that allow Ukrainians to live better than the average

Aside from its economic role the collective plays an imporwages suggest.

SOFTS

By Alison Maitland World demand for grains has not fallen enough in response to high prices to balance supply and further price increases are likely this year, according

to the World Bank. In its quarterly survey of commodity markets and developing countries, the bank forecasts a further increase of 4.5 per cent for US hard red winter wheat prices this year before

they fall in 1997. It also predicts that fertiliser prices will remain high for another year because of firm grain prices and limited spare production capacity.

On the outlook for grains, the bank says it is unlikely production can recover enough to rebuild stocks in a single year. The International Grains Council said last month world wheat stocks would be just 88m tonnes by mid-year, lower than than the already tight 90m tonnes it forecast previ-

ously. The bank says that if grain production increased by 11.1 per cent as it did in 1984 - the blggest single-year increase since 1960 - stocks would rise by about 80m tonnes to 17.3 per

Open Vol int

4,906 30,481 2,688 26,582 1,257 13,825 251 10.380 274 6,015 26 2,916 9,417 90,368

a/lbs)

3,587 11,967

2,649 13,153 635 3,363 415 4,238 150 2,833 41 1.572 7,482 37,800

MEAT AND LIVESTOCK

. . 450 ----400 ** 350 300 the second s 1995

Chicago Board of Trade

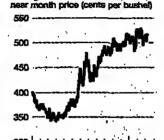
96 Source: FT Extel

would still be in the lowest 20 per cent of annual stock-to-use ratios since 1960. "If production falls short of

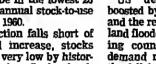
this record increase, stocks will remain very low by historlcal comparison," the bank SAAS. Output is unlikely to rise as

rapidly as in 1984 because there is less leeway for US grain expansion. US acreage control programmes are small compared with the large programmes operating in 1983 and were then reduced in 1984 to boost production, it says.

JOTTER PAD

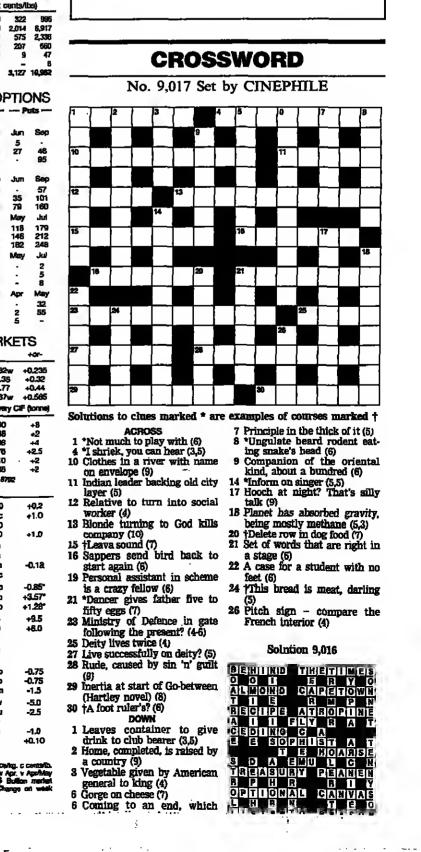


cent of consumption. This



	LONDON METAL EXCHANGE	GOLD COMEX (100 Troy oz.; S/troy oz.)	WHEAT LCE (£ per tonne)	COCOA LCE (Entorme)	LIVE CATTLE CME (40,000lbs; com
	(Prices from Amelgemeted Metal Tracing)	Sett Bay's Open write chapped lifets for Vol Int	Sett. Day's Open. price change High Low Vot Int	Sett Day's Open wice change High Low Vol Int	Sett Day's Price change High Low
	ALUMINIUM, 99.7 PURITY (\$ per toone)	. price charage Bligh love Vot Int. Mar. 396.5 +0.8 406.0 406.0	Mer 116.45 +0.85 116.50 116.00 125 161	Mer 880 -13 880 890 7 96	Apr 62.175 +0.550 62.200 61.700 4
	Cash 3 mths Close 1606.5-7.5 1638-7	Apr 397.5 +0.8 398.4 396.4 21,073 84,496 Jan 400.5 +0.8 401.5 398.8 3,484 45,421	May 118.80 +0.80 118.70 118.15 252 3,387 Jul 120.80 +0.80 120.75 120.25 26 686	May 897 -14 907 897 634 26,481 Juli 921 -11 927 920 413 16,896	June 83,350 +0.500 83,400 62,750 2 Aug 62,650 +0,375 62,750 62,250 1
	Previous 1597.5-8.5 1627-8	Any 403.0 +0.9 404.0 402.0 253 12,808	Sep 108.25 - 109.25 109.25 10 215	Sep 041 -12 948 940 525 38,824	Oct 63.525 +0.100 63.600 63.250
1. ALT	Ligh/low 1593 1647/1615	Oct . 405.6 +1.0 405.0 405.0 164 4,207 Dec 408.2 +1.0 409.2 408.0 326 14,737	Howy 110_65 +0.25 110_60 110.40 25 1,466 Jaan 112_15 +0.40 − − − 379	'Dec 95510 960 955 408 18,548 Mar 9749 978 973 484 39,925	Dec 62.500 +0.025 62.600 62.275 Feb 62.400 +0.075 62.600 62.350
1. A.	Karb close 1644-5	Total 26,139 206,777	Total 438 6,320	Total 2,224 152,449 III COCOA CSCE (10 tonnes; 5/tonnes)	Total 9 LIVE HOGS CME (40,000ibs; cente/1
	Total doity turnover 64,728	PLATINUM NYMEX (50 Troy oz.; \$/boy oz.)	WHEAT CBT (5,000bu min; cents/60ib bushel) War 509.00 -7.25 516.00 508.00 1.810 5.343	Mar 1215 -10 1225 1217 - 122	Apr 48.150 -0.125 49.275 48.625 3
1 1 At	ALUMINIUM ALLOY (\$ per tonne)	Apr 414.6 +1.7 416.0 412.5 1.836 13,116 Jul 417.5 +1.8 419.5 416.0 1,075 7,720	Mary 483.00 -8.50 489.00 479.00 5,378 27,039	May 1230 -10 1241 1229 3,280 38,576	Jun 53.500 +0.150 53.600 52.950 2
ke bottle	Close 1350-60 1390-5 Pravious 1350-60 1390-5	0ct 420.1 +2.2 418.0 418.5 161 1,844 Jam 422.5 +2.7 3 787	Jud 452.00 -6.50 456.50 449.00 6,774 48,431 5ep 455.50 -6.25 461.50 454.00 309 8.481	Jud. 1255 -9 1265 1254 883 21,234 Sep. 1277 -0 1290 1276 150 12,031	Jul 50,800 -0.050 50,850 50,400 Aug 48,650 +0.050 48,725 48,400
MC NOT	High/low 1390/1400	Total 3,076 23,477	Dec 467.25 -5.75 471.50 465.00 719 6,667 Mar 468.00 -8.50 470.00 468.00 26 302	Dec 1312 -10 1322 1312 223 13,428 Mar 1339 -10 1350 1350 266 7,618	Oct 45.190 +0.075 45.150 45.000 Dec 46.225 +0.025 48.325 46.050
	- I-AM Official 1351-2 1390-5 Kerb close 1400-10	PALLADIUM NYMEX (100 Troy oz.; S/Boy oz.)	Total 14,832 97,445	Total 4,965 99,116	Total 7
े म	Open Int. 5,069	Mar 144.45 +1.10 144.50 143.50 73 55 Jam 144.20 +1.10 144.50 143.10 883 6.441	MAIZE CBT (5,000 bu min; cents/56/b bushel)	E COCOA (ICCO) (SDR's/tonne)	PORK BELLIES CME (40,000ibs; ce
23	Total daily turnover 620	Sep 145.20 +1.10 144.50 143.75 122 229 . Dec 146.20 +0.85 147.50 147.50 5 52	Ner 391.90 -2.75 394.00 389.25 3,448 11,791 Nev 336.25 -3.25 390.50 385.00 26,029 201,126	Daily 919.83 918.70	Mar 70.625 -0.350 70.750 69.750 Mar 68.675 -0.625 69.900 69.150 2
ý. 1977 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 - 1971 -	Close 799.5-800.5 783-4	Tetal 1,863 6,517	Jai 378.50 -3.25 383.00 377.00 8,486 121,927	and all all all all all all all all all al	Jul 66.300 -0.250 66.450 65.750 Aug 62.525 - 62.650 62.000
	Pravlouiz 785.5-7.5 776-7 High/low 798 790/775	SELVER COMEX (5,000 Troy oz.; Centa/troy oz.)	Step 330.25 -2.00 332.50 329.00 2.027 35,958 Dec 317.50 -1.75 318.50 316.50 8,707 88,757		Feb 63.525 -0.475 64.350 64.350
3#11	AM Official 797-8 779-80	Many 555.2 +7.0 555.0 548.0 37 365 Many 559.5 +7.0 560.5 551.0 8,935 50,481	Mar 322.50 -2.00 324.75 321.75 182 7,593 Total 49,833 471,197	Mar 2005 +2 2012 1998 263 2,932 May 1659 +1 1865 1835 1,534 12.834	Mer 63.050 Totel 3,
2 · · · ·	Kerb close 790-1 * Open int. 39,979	Jul 564.6 +7.1 585.5 558.5 534 13.272 Sop 568.5 +7.1 571.0 561.5 141 10,864	BARLEY LCE (C per tonne)	Jul 1790 +2 1795 1775 423 4,675 See 1759 +6 1760 1745 150 3,072	
à:: ···	Total daily turnover . 11,205	"Dec 576.8 +7.1 577.5 567.0 240 7,476	Ner 108.50 +0.30 108.00 108.25 37 283	Nov 1736 +5 1730 1725 57 1,407	LONDON TRADED OP
	NICKEL (\$ per tonne) Clase 7990-8000 8090-100	- Hinr 554,1 +7.1 99 2.753 Total 19,131 80,473	Many 103.00 +0.85 110.00 108.75 29 475 Smp 105.30 44	Jan 1718 +8 1710 1705 10 304 Tetali 2,438 25,834	Strike price \$ tonze Calls
	Previous 8050-60 8140-50		New 107.45 +0.05 107.25 107.25 10 518	COFFEE 'C' CSCE (37,500los; centa/los)	■ ALLSMINBURM (99.7%) LME Jun Sep .
	High/iow 7945 8120/7990 AM Official 7945-50 8040-45		Tetal 76 1,445	Ner 120.00 +3.25 120.50 116.50 122 353 Ner 115.95 +2.95 117.00 112.30 3.736 15.600	1500
	Karb close 8100-10		SOYABEANS CET (5,000ko min; centor60kb busiko6	Jul 114.85 +3.35 115.50 111.00 526 4,804	1700 20 95
	Open int. 41,006 Total daily tumover 10,288	ENERGY III CRUDE OIL NYMEX (42,000 US galia. \$/burrel)	Her 717,25 -1.50 718.00 713.50 3,699 2,518 New: 728.00 -0.50 730.00 722.50 27,696 71,487	Dec 113.00 +3.30 113.00 109.75 97 1.524	■ COPPER (Grade A) LME Jun Sep .
	TIN (\$ per tonne)	Latest Day's Dage	Aug 735.25 -1.25 738.00 730.00 10,479 50,227 Aug 735.50 -1.50 737.50 731.90 1,404 8,329	Ner 112.15 +3.65 113.00 109.75 5 413 Total 4.692 25,650	2400 145
	Ciose 6010-20 6050-60 Pravious 6050-90 6120-30	price change High Law Vol int	Sep 725.50 -2.00 729.50 724.00 561 3,585	COFFEE (ICO) (US cents/pound)	2500 113 92 2600 59 55
	High/low 6090/5970	Apr 2020 +0.29 20.46 19.75 8.654 77,145 May 19.28 +0.10 19.52 18.98 4.728 78,098	18ov 723.50 -2.75 729.00 721.50 7,139 54,648 Tetal	Ner 11 Price Prov. day Comp. daily 102.60 103.32	I COFFEE LCE May Jul N
p.	Kerb close 6070-80	Jun 18.76 +0.28 18.83 18.40 1.272 48.030 Jul 18.21 +0.08 18.40 18.05 157 38.773	SOYABEAN OIL CET (80,000be: centa/b)	Comp. daily 102.60 103.32 15 day average 106.12 106.89	1850
ear	Open int. 16,763	Ang 18.00 +0.12 18.05 17.90 1,948 21,283	Mar 21.68 -0.01 23.68 23.63 3,378 2,989 Mar 23.99 -0.01 24.18 23.94 6,634 37,513	No7 PREMIUM RAW SUGAR LCE (cents/bs)	1950 41 88 1 COCOA LCE May Jul M
C ** *	ZINC, special high grade (5 per tonne)	Sep 17.80 +0.11 17.82 17.66 182 16.272 Total 83.922 425,221	Jul 24.36 -0.02 24.55 24.31 1,669 28,410	May 11.00	B75
	Close 1084.5-5.6 1102-5 Design 1085.5-7.5 1100.5-1.0	CRUDE OIL IPE (S/birret)	Amy 24.54 -0.01 24.68 24.49 400 7,521 Smp 24.72 -0.02 24.90 24.67 193 4,408	Jul 11.00	800 19 52 825 10 39
	High/low 1077 1115/1090	Latost Day's Open	0et 24.86 -0.01 24,94 24.85 275 2,694 Tetal 13,255 90,158	Oct 11.90 Total	BRENT CRUDE IPE Apr May
	AM Official 1077-7.5 1094-5 Kerb close 1114-5	Apr 18.82 +0.42 18.88 18.33 20,134 38,881	SOYABEAN MEAL CET (100 tons; Ston)	WHITE SUGAR LCE (\$/tonne)	1700 101
242	Open att. 68,954	New 17.82 +0.25 17.86 17.46 10.581 60,172	Her 228.2 -1.0 229.5 227.1 3,878 2,385 Her 232.1 -0.8 233.6 230.6 10,158 37,902	May 381.0 - 1.9 384.5 387.0 881 13,367 Aug 381.3 - 1.0 363.3 360.0 722 7,233	1800 45
	Total daily tumover 20,019 COPPER, grade A (\$ per tonne)	Jul 18.00 +0.18 16.90 16.65 770 36,412	Jai 235.0 -0.7 238.5 233.7 3,546 24,534	Det 326.4 -0.8 327.8 325.1 170 4.863 Dec 317.4 -1.3 318.2 316.0 10 2.967	LONDON SPOT MARK
· · · · ·	Close 2604.5-8.5 2579-80	Aug. 18.67 +0.12 18.67 16.49 426 10.521 Sup. 16.53 +0.11 18.53 16.48 134 11.867	Ang 235.3 -0.7 236.3 238.7 543 4,900 Smp 234.1 -0.6 235.2 233.2 38 5,417	Ner 311.4 +0.5 810.9 310.9 2 730	CRUDE OIL FOB (per barrel)
್ಷ ಭಿಷ್ ಮಿಂದ್ ಮ	Previous 2598-601 2574-5 Histoform 2562/2590 2585/2564	Totad 36,322,210,756	0et 231.7 -0.9 233,1 231.2 346 2,983 Tabl 18,929 85,925	May 308.2 – 308.1 308.0 6 558 Tetal 1,797 29,316	Dubel \$18.77-6.82w
(T) 57	AM Official 2591-2 2571-2	I HEATING OIL NYMEX (42,000 US gain; oUS gain;)	POTATOES LCE (Etonne)	SUGAR '11' CSCE (112,000ibs; cents/ibs)	Brent Blend (dated) \$19.33-8.35 Brent Blend (Apr) \$18.75-8.77
	Open int. 176,795	fatest Day's	Apr 170.5 -0.0 171.0 170.0 10 812	May 12.09 -0.07 12.23 12.05 18.295 64,783 Jai 10.92 -0.08 11.09 10.92 4,987 37,579	W.T.I. \$20.35-0.37w
107 5	Total daily tumover 76,220	Apr 54.75 -0.40 55.30 54.20 16.712 25.130	Many 175.0 – 1.0 172.0 172.0 1 31 Jun 225.0 – – – – –	Oct 10.54 -0.04 10.51 10.53 1,536 27,589	OIL PRODUCTS NWE promot delivery
P	LINE AM Official 2/5 rate: 1.5200 LINE Closing 2/3 rate: 1.5205	Jan 49.70 +0.18 49.90 49.25 1,475 11,682	New 105.0	Mer 10,25 -0.03 10,30 10,24 574 14,938 Many 10,18 -0.03 10,21 10,15 269 3,894	Premium Gasoline \$189-190 Gas Of \$184-188
	Spot: 1.5215 3 militar: 1.5188 0 militar: 1.5164 8 militar: 1.5140	Juli 48.40 +0.28 49.40 48.85 773 5,140 Juli 49.75 +0.28 49.75 49.35 85 5.503	Apr 129.0 -0.5 130.0 129.0 4 76	Jel 10.00 -0.03 10.00 9.98 161 1,488 Tetal 25,062 158,065	Heavy Fuel Oz \$107-108
/	HIGH GRADE COPPER (COMEX)	Sep 50.20 +0.08 50.20 49.95 10 2,748	Tutol 21 910 E FRENGHT (SIFFE) LCE \$10/index point)	COTTON NYCE (50,000tbs; cents/lbs)	Naphthe \$175-176 Jet fuel \$206-210
	Salt Davis Open	Total Zalar ayas	Nor 1405 -40 1420 1400 58 844	May 82.94 -0.39 63.80 82.90 2,016 20,912	Diégel \$184-185 Petroleum Argun. Tel. London (0171) \$59 8792
	price change Righ Low Vol 182	Satt Day's Open	Apr 1440 -31 1472 1430 79 1,314 May 1395 -45 1410 1395 113 347	Jul 83.91 -0.45 84.65 83.85 728 11,214 Det 61.00 -0.75 81,90 81.00 128 2,468	OTHER
	121,40 +1.06 120,45 119.50 258 1,747	price change High Low Vol Int	Jud 1295 -38 1330 1295 87 1,802	Dec 79.54 -0.45 80,10 79.50 510 17,105 Nor 80.37 -0.43 80,80 80.37 206 1,762	Gold (per troy oz) \$ \$396.40
	110 85 J0 55 120 10 118.50 6.259 19.875	Ann 165.00 +1.75 168.00 183.75 14,385 18,107	0et 1339 -32 820 Jan 1375 -20 52	May 80.38 -0.27 \$1.00 \$1.00 89 770	Silver (per troy ozje 549.75c Platinum (per troy oz.) \$411.50
	Jan 115.45 +0.65 116.65 115.40 331 4,889	Mary 158.75 +2.75 159.50 157.25 6,397 8,586	Total 342 5,011	Total 3,785 56,287 E ORANGE JURCE NYCE (15,000/bs; certa/ib6)	Paladium (per troy cz.) \$141.50
	Sep 114.05 +0.55 114.20 113.40 111 2.913	151 00 +175 153 25 153.00 57 5.027	Class Prev BR 1351 1354	Nev 134.50 -1.95 135.50 133.05 2.238 16.610	Copper 122.00 Lead (US prod.) 41.750
	Total 7,000 May 104	Aug 153.00 +1.50 153.00 153.00 32 3,805		Jul 133.50 -1.00 134.50 131.50 575 3,594	Tin (Kusia Lumpur) 15.33m
	PRECIOUS METALS	Total III NATURAL GAS HYMEX (10,000 mailin; Siamilin)	FUTURES DATA	Sep 131.45 -0.55 131.50 130.20 342 2,059 Nov 127.95 -0.30 128.00 128.50 181 792	Tin (New York) 285.50c
	TE LONDON BULLION MARKET	Lutert Day's Open	All futures date supplied by CMS.	Jan 126.50 +0.55 126.50 124.50 157 2,603	Cattle (live weight)† 118.99p Sheep dive weight)†∳ 148.26p
	(Prices supplied by N M Rothechild)	mice change Righ Low Vol Int		jilar 128.25 -0.25 127.75 127.75 Total 3.549 25.936	Pigs five weight)† 106.96p
	Gold(Troy oz) \$ price £ equiv SFr equiv	Apr 2,155 -0.023 2,209 2,145 13,252 25,103 Mar 2,090 -0.024 2,120 2,086 4,613 20,493		·····; ••••••••••••••••••••••••••••••••	Lon. day sugar (naw) \$322.4 Lon. day sugar (wis) \$399.0
a*	Close 396.20-398.60 Opening 385.70-398.00	205 -0.000 2020 1.985 1,435 15,158	Ninor Metals European free market, from Metal Bulletin, \$	VOLUNE DATA	Barley (Eng. 100d) 113.5
**	Marning fbx 396.00 260.269 476.507	Jel 1.960 -0.005 1.965 1.950 522 12,822 1.960 -0.008 1.945 1.925 478 12,016	per to in warehouse, unless otherwise stated (and week's in brackets, where changed). Anti-	Open interest and Volume data shown for	Maize (US No3 Yellow) 146.52
	Attempon fix 398.25 260.794 475.302 Day's High 396.80-397.20	Aug 1,330 -0.012 1,320 1,905 801 9,264 Sep 1,910 -0.012 1,920 1,905 801 9,264 23,693 143,425	mony: 99.6%, \$ per tonne, 3,450-3,650, Bis-	contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in armens.	Wheat (US Dark North) Ung. Rubber (Apr) 106.50p
	Day's Low 395.70-396.00	Tetai 23,000 (44,625	muth: min. 99.98%, tonne lots 3.50-4.00. Cadmium: min. 99.95%, 148-160 cents a		Rubber (May) 108.50p
	Previous close 396.00-396.40 Loco Ldn Micen Gold Londing Rates (Vs USS)	III UNILEADED GASOLINE NYMEX (42,000 US gails, SVIS gails.)	pound, Cobalt: MB ires market, 99,8%, 29,30- 30,00 (29,70-30,30); 99,3%, 28,70-27,50. Mer-		Rubber (KL, RSS No1) 402.50m Coconut OII (Phil)§ \$717.5v
	90.5	telect Dav's Open	cury: min. 90.99%, \$ per 76 to flash, 168-178	INDICES REUTERS (Base: 18/9/31-100)	Paim Oil (Malay.)5 \$510.0u
	2 months	nation physical billion 1000 TOI FR.	(163-175). Molybdeneum chummed molybdio oxide, 3.90-4.20. Selenium: min 99.5%, 3.45-	Mar 12 Mar 11 month ago year ago	Copra (Phil)5 482.0v Soyabeens (US) 206.0u
	Silver Fix p/troy oz. US ats equiv.	Apr 59,75 +0.43 60.40 58.90 10,061 28,926 - 59,50 +0.45 60,05 66.75 4,067 19,468	4.10. Tungeten ore: standard min. 65%, \$ per tonne unit (10kg) WO, cit, 50-60. Vanadium:	2132.4 2129.2 2148.4 2345.7	Cotton Outlook A' Index 83.20
	Spot 351,40 548,75 3 months 368,60 556,65	Jan 53.65 +0.62 59.20 53.00 1,534 6,365	min. 96%, cf, 2.85-3.08. Uranters Auexco	Mar 11 Mar 5 month ado veer eso	
	8 months 371.55 563.26	Ja 57,65 +0.65 55.00 55.50 649 3,409	exchange value, 13.00 (10.00).	248,47 245.37 247.50 235.12	2 per torne unless otherwise stated, p percently r ringsbillig, m Melaysian cents/kg, u Mar.w Ap
X X Y	1 year. 381.35 576.25 Gold Come \$ price £ equiv.	Sep 18,155 \$4,314] . İ	E GSCI Spot (Base: 1970-100) Mar 11 Mar 8 month and year ego	V London Physical. § Clif Rotterdem. 8 Bu close. 4 Sheep (Live weight prices). * Chan
	Krugemend 394-397 259-261	Total		195.31 193.66 191.26 174.32	tPrices are for previous wark.
المحمى الأ	Maple Leef 407.75-409.70 New Sovereign 93-85 61-63			en e	terreter a state of
هرشهم بال		و المحمد معد و من من المعرفينين (1	

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INTERNATIONAL CAPITAL MARKETS

Europe loses gains after Treasuries move lower

By Samer Iskandar In London and Lisa Bransten in New York

22

European bond markets opened higher yesterday morning in Europe, capitalising on the positive mood in late trading in the US on Monday. But later in the day they suffered from profit-taking when Treasuries were hit early in the New York session.

Analysts are still convinced that the current level of yields offers good buying opportunities, but they do not expect any significant interest from investors in coming days. Market participants point to 1994, which saw one of the worst performances of bond markets in recent memory.

"Investors who got burned [that year] have not forgotten. They will stay on the sidelines this time," said Mr Ken Wat-

tret, an international economist at HSBC Markets. He still meeting, or even in coming weeks, not least because "the believes that economic fundamentals in Europe are encourcouncil [of the Bundesbank] hates volatile markets and will aging, but says "fundamentals are not driving the market".

Instead, European debt yields seem still unable to decouple from US Treasuries. Observers also warn of possible mood swings, as the market could well "remain shaky in the short term".

Longer-term, bowever, Mr continue focusing on releases Wattret is builish and believes of US economic data for inspithat the recent correction has ration in the near future. offered good buying opportuni-

BONDS

ties. He nonetheless warns that A jump in new car sales in early March was one factor "it will take a major event, sending US Treasury prices such as an easing in official lower in early trading yester-day, pushing the yield on the German rates by the Bundes-bank", to put European marbenchmark 30-year bond above However, few observers 6.7 per cent.

Near midday, the long bond expect the German central was a full point lower at 90¹¹/₁₀, bank to ease monetary policy

after tomorrow's fortnightly reversing nearly all the gains made on Monday as the mar-ket recovered from Friday's sell-off. The yield was 6.710 per cent. At the short end, the two not risk a negative reaction". year note was 🚠 lower at 98%, vielding 5.738 per cent. Market participants in

Europe are therefore likely to Trading was jittery as inves-tors struggled to assess the GOVERNMENT strength of the US economy. The market tumbled on Friday on news that employment growth in February was more than doubla what most analysts had expected, hnt bonds regained their footing on Monday as many investors decided that the jobs data might not

have been an accurate indicator of the state of the economy. Yesterday, investors chose to focus on the stronger of the day's two releases of economic figures. CNW Marketing said new car sales rose 15.2 per cent in the first 10 days of March.

days, demand for gilts by final Meanwhile, the Federal Reserve Bank of Atlanta said its index of business activity in the south-eastern US fell to a negative 14.9 in February from a negative 13.2 in January. But while those figures contradicted last week's strong employment numbers, the report was worrisome to the market because the Atlanta

Fed said most of its indicators

of future business activity had 'rebounded noticeably". UK gilts ended lower, with Liffe's June future settling at 104욽, down 뚧. In after-hours trading, the contract was still losing ground, reaching a low of 103# late in the afternoon. The June short sterling contract closed up 0.04 at 93.91. Some observers were con-cerned that if volatility

investors could be dampened, which might affect the Treasury's next auction. 🔳 German bunds also losi ground during and after the

official trading session. The The syndicated loans market is June contract on 10-year poised for a flurry of financbunds, listed on Liffe, settled at 95.19, down 0.37. In aftermanagement huy-outs in the hours screen-based trading, the price fell further, breaking the Attracting the most atten-tion is the financing for the 95.00 and 94.90 barriers.

French OATs ended lower in the wake of US Treasuries and bunds. The March notional contract on Matif closed at 120.58, down 0.22, and was edging lower after the official close. On Globex late in the afternoon, it reached a low of 120.32. The spread of 10-year OATs over bunds widened by 3 basis points to 16 points. remained as high as in recent

Flurry of deals in wrrence store after M&A spree last year

FINANCIAL TIMES WEDNESDAY MARCH 13 1996

By Antonia Sharpe

coming weeks.

LOANS

ings related to leveraged or

\$300m management huy-out of

Dunlop Slazenger, one of the

world's leading sports goods manufacturers, from BTR, the

NatWest is arranging senior

debt facilities of up to £162.5m, including acquisition term

finance and ongoing working

capital and trade finance. Syndication is likely to start in the next three to four weeks.

NatWest declined to com-

ment on pricing or provide any other details at this stage. Bankers said margins on

recent buy-out financings had ranged from 175 to 200 basis

This area of the market is

expected to remain buoyant in

the coming months as the

mergers and acquisitions spree of the last year results in the

disposal of companies which

are seen to be non-core busi-

nesses within the new groups. However, it appears that

banks involved in leveraged

financings are acting more

conservatively than in the late 1980s. For example, they

require a greater equity invest-

ment before they agree to

finance buy-outs.

points over Libor.

UK industrial conglomerate.

SYNDICATED

ABN Amro, Chemical Bank and Deutsche Morgan Grenfell, carries a margin of 12% basis points over Libor for the first five years, then 15 points over. Bankers also report that the syndication of the \$1bn facility for Anglo American Corporation, the South African mining and industrial conglomerate, has gone well and a strong group has been formed.

Meanwhile, general syndica-tion of the £2.5bn facility for Granada, the UK TV and leisure group, to finance its take-over of hotels group Forte, has closed. Nine hanks joined the three arrangers, ABN Amro, BZW and Chemical, and 16 sub-underwriters.

BZW has also completed a sihn 364-day refinancing for Salomon Brothers which will be signed on Friday. The facility is secured against securities

held by Salomon. · Zagrebacka Banka,- Croatia's second largest bank, last week became the country's. first private-sector borrower.to tap the international syndi-cated loans market. with the signing of its SFr130m one-year facility, writes Gavin Gray in Zagreb. The loan was heavily over-

subscribed and increased from SFr60m. Joint arrangers were Creditanstalt, Dresdner Bank and Union Bank of Switzerland, and 27 other banks joined

the syndicate. The spread was 300 hasis points over Libor, 30 basis points wider than the first Croatian syndication, a DM50m government-guaranteed facility arranged in January.

Mr Franjo Lukovic, the Among other transactions in bank's chairman, said it the market, hankers expect the intended to raise a medium-\$500m seven-year revolving term facility later this year, once the Croatian government has reached an agreement with international creditors on what share it will assume of the for-

First fixed-rate offering under **UK Private Finance Initiative**

\$4.05bn.

other obligations.

Day's change

+0.270 -0.180 -0.220 -0.220 -0.240 -0.250 -0.250 -0.250 -0.250 -0.360 +0.240 -0.360 +0.240 -0.360 +0.240 +0.240 -0.360 +0.240 -0.360 +0.240 -0.360 +0.240 -0.360 +0.360 -0.360 -0.360 -0.360 -0.360 -0.360 -0.240 -0.250 -0.360 -0.250 -0.360 -0.250 -0.360 -0.250 -0.360 -0.360 -0.360 -0.250 -0.360 -0

9,05 6,69 7,36 7,80 7,78 5,82 6,76 6,60 8,15 10,52† 1,84 3,23 6,57 8,83 10,09 8,06 7,518 8,31

8.44 6.47 6.76 7.37 7.49 5.58 8.58 6.38 5.58 8.58 6.33 7.79 10.10 1.88 3.22 8.54 9.98 8.54 9.98 8.50 3.739 7.89 8.00 6.19 8.31 7.08 6.36 6.41 5.87 7.34 9.90 1.85 3.02 6.94 9.36 8.38 6.79 8.38 6.746 7.63

Yield ago

Price

106.1720 96.0200 87.4600 106.3700 101.5000

kets back on the right track.

By Conner Middelmann

Although the mood ln the primary eurobond merket remained cautious, the sector saw several floating-rate note offerings, the largest-ever asset-backed securities deal and the first fixed-rate issue under the UK government's Private Finance Initiative.

The latter, £165m of bonds for Road Management Consolidated yielding S0 basis points over gilts, was fully placed by the time it was officially launched, according to lead managers Lehman Brothers and SBC Warburg. The deal is the first large

sterling bond to be structured as a "deferred annuity" --where principal is to be repaid along with interest from December 2000 to the bonds' maturity in 2021, The issue is guaranteed by AMBAC, a US monoline insurer with triple-A rated claims paying ratings.

WORLD BOND PRICES

Australia Austra Belgum Canada Denmark France

BENCHMARK GOVERNMENT BONDS

10.005 6.125 7.000 8.750 8.000 7.005 7.250 6.000 8.500 6.400 3.000 6.400 11.875 10.150 8.000 8.000 9.000 9.000

02/06 02/06 12/05 03/06 12/05 03/06 10/00 04/06 02/06 03/00 03/00 03/00 03/00 03/00 03/05 01/06 02/05 01/06 02/05 12/00 12/06

Coupon Date

The restructuring of debts of PA, the Ireland-based aircraft asing group, finally got under tion will be priced today, said GPA, the Ireland-based aircraft leasing group, finally got under way yesterday when Airplanes book-runner Morgan Stanley. Group, a separate special-purpose vehicle, launched the securitisation of a \$4.5bn port-folio of aircraft on operating The floating-rate sector saw a flurry of deals, with borrow-

ers taking advantage of the recent shift in sentiment from fixed-rate assets amid interestrate uncertainty, However, most deals were slow to get INTERNATIONAL BONDS

moving, partly due to their relatively aggressive pricings. leases, the largest asset-backed Among sovereign borrowers, Portugal issued DM1.5bn of transaction to date, raising five-year notes yielding one Some of the proceeds will be basis point below Libor at the used to pay down GPA bank debt maturing in September re-offer price and the Hellenic Republic issued \$500m of sev-1997 and help it meet \$1.6bn of en-year notes priced to yield 64

Strie

basis points over Libor. The deal repackages the cash flows from GPA's 229 aircraft Ford Motor Credit Corp issued a \$300m five-year floater which, according to lead mancurrently under lease to 83 airlines, The global offering ager HSBC Markets, benefited includes five double-A rated from the Bank of England's senior classes worth some recent adoption of BIS guide-\$2.9bn, three subordinate lines for risk weightings of cortranches totalling around porate bonds. Since January,

0.64 0.38 0.20

Est, vol. total, Calls 19507 Puts 23041, Pre

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

CALLS

Jun 1,35

1.09

May

1.12 0.85 0.63

Sep

1.35 1,12 0.92

Apr 0.45 0.69 1.01

Borrower	Amount	Coupon %	Price	Meturity	Fees %	Spread bp	Book-runner
US DOLLARS GPA Group(att A-1	700	643	(11)	Mar 1998	(8)		Morgan Stanley
GPA Groupt Class A-2	600	(a) (a)	(2) (2)	Mar 1999	(a)		Morgan Shunley
GPA Groupt Class A-3	500	(a) (a)	(a)	Mar 2001	(a)		Morgan Stanley
Helenic Republic(b):	500	(b1)	99.22R	Mar 2003	0.35R		CS First Boston/Selomo
UBE industries(c)@	400	3,75	100.00	Mar 2000	2.25		Yamaichi Inti
Ford Motor Credit Corp(d)t	300	(11)	99.71R	Apr 2001	0.175R		HSBC Marketa
DSL Bank	250	6.00	99.95R	Apr 1999	0.185R	+5(5%-99)	Nomura/SBC Warburg
Uniden 30(e)¢	137	4.26	100.00	Mar 2000	2.25		Nomuna Inti
Nikken Chemicals()	100	3.25	100.00	Mar 2000	2.25	-	Dalwa Europe
D-MARKS							
Portugalt	1.5bn	(h)	99.82R	Mar 2001	0.15R	-	Morgan G'let/JP Mgn
Becob Overseest	200	04	99.99R	Apr 1999	0.10R	-	Nomura Bank(Deutech)
RATPO	200	4.88	99.71R	Dec 1999	0.23R	-	BNP/CSF Effectenbank
SWISS FRANCS							
Guinness	100	4.00	102.90	Apr 2001	undisc	-	SBC Warburg
STERLING							
Road Management Consd	165	9.18	99.97R	Jun 2021	1.50R	+80(9%-12)	
Woolwich Bidg Soct	250	(g)	99.965	Mar 2001	0.10	-	Dresdner Kleinwort Bens
FRENCH FRANCS	Sbn	6.75	99,99R	Apr 2006	0.325R	+5(OAT-06)	ABN Amro/BNP/Paribas
SPANISH PESETAS		0.90		Acre 2004	1.456		DENICCE

NEW INTERNATIONAL BOND ISSUES

lead manager, dWith al. a) Pricing and fixing a. a1) Cis A-4: \$500m. ble at par from Mar 98, liable at par after 3 yrs. h Libor + Jop. h) 3mth d1) 3-mth Libo d1) 3-mth Libo Libor -Sbp. j)

corporate require only weighting vious 100 per cent weighting, if to the floating-rate market," a they are held in a mark-to-

May

0.93 1.16 1.44

PUTS

Jun

1.15 1.40 1.67

Se

1,99 2,26 2,59

syndicate manager said.

gian bank, issued DM200m of

credit facility for Saint-Gobain, ich Building Socithe French glass and materials a £250m five-year Bacob, the Belgroup, to be doubled because of strong demand from banks to participate,

three-year FRNs. The loan, being arranged by mer Yugoslav bank debt. FT-ACTUARIES FIXED INTEREST INDICES --- Low coupon yield --- -- Medium coupon yield --- --- High coupon yield ---Mar 12 Mar 11 Yr. ago Mar 12 Mar 11 Yr. ago Mar 12 Mar 11 Yr. ago xd adl. ytd Day's change % Mon Mar 11 Accrued -0.04 -0.29 -0.48 -0.33 -0.23 2.39 3.02 2.47 4.13 7.67 8.37 8.43 121,58 345,10 158,20 181,18 1.58 5 yrs 1.35 15 yrs 2.52 20 yrs 0.00 inwd.† 7,59 8,31 8,39 8,45 8.52 8.44 8.41 8.45 8.54 8.55 9.55 7.63 8.37 8.44 8.48 7.63 8.32 8.38 m 5% Mar 12 Mar 11 Yr. ant Mar 12 Mar 11 Yr. add

Tue Mar 12

121.53 .

144.68

FT FIXED INTEREST INDICES

7.77 8.47 8.51 7.72 8.42 8.46 8.69 -8.76 8.67

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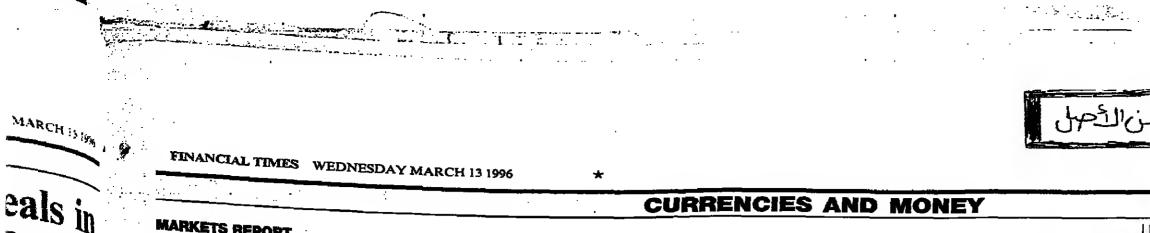


	Sbn	6.75	99,99R	Apr 2006	0.325R	+5(OAT-06)	ABN A
SETAS	10bn	9.30	101.48	Apr 2001	1.6.25		BSNC
Non-callable unless an ts. ‡ Floeting-rate not A1-A4; soft bullet not 03, a2) Class A-5 am or +50bp. c) Foring: 18 lor +15bp. e) Foring: 2 Regie Autonomes de	e. #Sem tes. Red ortizing n M3/96. If 21/3/96,	initial subs Exercisable	tupon. R: fil 102% on a rable at par cription is b into share	Amount \$3 webw Y341, to a of Uniden	claste: +50 /5m. Matur /5m. Matur /5m. f) R	shown at re-o bp stap-up in tty: Mar 1999. Il be withdraw	b) Callab m. d) Callab
e securities ly a 20 per cent rather than the	will	marke	t trading l belp co	account prorate s	. "This preads	The W ety laun floater.	

Price Indices UK Gitts

Up to, 5 years (23) S-15 years (20) Over 15 years (9) Imedisemables (6)

Canieda * 8,750 12/05 106,3700 -0,130 7,80 7,37 7,01 Denmark 8,000 03/06 101,5000 -0,240 7,78 7,49 7,08 France BTAN 7,000 10/46250 -0,250 5,82 5,58 6,38	Ext, vol. total, Calls 19507 Puts 23041, Provious day's open int., Calls 281789 Pute 191810	4 Inredeemables (5) 180.600.33 181.18 4.13 0.00 Intel.; 848 5 All stocks (58) 140.280.23 140.61 2.73 1.63	8.45 8.46 - Inflation 5% Inflation 10%
QAT 7.250 04/06 103.5100 -0.790 6.76 8.58 6.41 Germany Bund 6.000 02/06 95.7500 -0.530 6.60 6.33 5.87	italy INOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFEP: Liz 200m 100ms of 100%	Index-linkedMar	12 Mar 11 Tr. ago Mar 12 Mar 11 Tr. ago
Reland 8,000 08/06 98,8500 -0.500 8,15 7,78 7,34 Raty 9,500 02/06 93,7800 -0,100 10.521 10.10 9.90 Japan No 123 6,400 03/00 116,9900 -0,200 1.84 1.88 1,85	Open Sett price Change High Low Est, vot Open int,	7 Over 5 years (11) 183.05 -0.22 183.46 1.24 0.63 Over 5 yrs 3.	12 3.00 3.69 1.58 1.78 2.40 100 12 12 12 12 12 12 12 12 12 12 12 12 12
No 162 3.000 09/05 96.3630 -0.160 3.23 3.22 3.03 Notherlands 6,000 01/05 95,9400 -0.360 6.57 6.31 6.94	Jun 108.51 108.30 -0.14 108.63 107.80 51499 52269 Sep 107.80 -0.14 - 0 0	8 All stocks (12) 183.21 -0.22 183.62 1.29 0.62 Awarage gross recionation yields are shown above. Coupon Bundle: Low: 0%-7%%; Medium: 8%-10%%; High: 11% and	over, † Flat yaadi, yiti Yeer ta cada.
Portugal 11.875 02/05 111.7900 +0.040 8.83 8.64 9.36 Spein 10.150 01/06 100.1000 -0.120 10.09 9.98 8.49	ITALIAN GOVT, BONO (BTP) FUTURES OPTIONS (LIFFE) Lin200m 100ths of 100% Strike PUTS		
Sweden 6,000 12/05 81,7200 +0,470 8,06 8,02 8,38 UK Gins 8,000 12/00 101-23 -7/32 7,55 7,03 6,79 7,500 12/06 95-04 ~15/32 8,18 7,82 7,46	Prica Jun Sep Jun Sep 10800 2.14 2.72 1.84 2.92		
7,500 12/06 95-04 ~15/32 8,18 7,82 7,46 9,000 10/08 105-10 ~18/33 8,31 7,86 7,63 US Treasury * 5,825 02/06 94-13 -2/32 8,39 5,98 5,59	10880 2.14 2.72 1.54 2.92 108850 1.87 2.49 2.07 3.19 10800 1.63 2.27 2.33 3.47	FT FIXED INTEREST INDICES GILT EDO	Mar 11 Mar 8 Mar 7 Mar 6 Mar 5
6.000 02/26 90-24 -9/32 6.72 6.40 6.06 ECU (French Govt) 7.500 04/05 100.6100 ~1.180 7.40 6.99 8.90	Esc. vol. total. Cats 3077 Puts 1268, Previous day's open int., Cats 62451 Puts 44522	Govt. Socs. (UK) 97.97 92.19 92.64 93.39 93.74 91.52 96.34 90.22 Catt Edged ba Fixed interest 111.12 111.58 111.71 111.92 112.13 109.54 115.23 108.77 5-day average	
London clowing, "New York mid-day Vields: Local market standard f Gross including webholding far at 12.5 per cert psycholo by nonresidental	Spain III NOTIONAL SPANISH BOND FUTURES (MEFF)	Nor 1995/96, Government Securities high since complisition: 127.40 (9/1/35), low 48,18 (3/1/78). Fixed interest high elince con 10/23 and Fixed interest 1928. SE activity indices rebeated 1974.	
Process' US, UK in 32nda, others in decanal Source: MMS international	Open Satt price Change High Low Est vol. Open int.	And the second s	
Latest Treasury Bills and Bond Yields	Mar 93.80 93.54 ~0.10 93.88 93.38 53,899 34,696 Jun 93.55 93.13 ~0.02 93.55 93.00 7,948 20,839	FT/ISMA INTERNATIONAL BOND SERVICE	
One toonth 5,17 Two year	NOTIONAL UK GILT FUTURES (LIFFE), 550,500 \$2nds of 100%	Listed are the latest international bonds for which there is an adequate secondary market. Latent prices at 7:10 pm on Alle Issued Bid Offer Chg. Yield Issued Bid Offer	Chr. Maki Banad Bid Offer Chr. Maki
Broker ban nate	Open Sett price Change High Low Est vol Open Int. Mar 105-22 105-07 -0-13 105-23 105-00 3610 25953	U.S. DOLLAR STRUCKITS Sweden 6 97 2500 108 ¹ / ₈ 108 ¹ / ₈ Abbey Nail Treasury 6 ¹ / ₂ 05 1000 98 ¹ / ₈ 98 ³ / ₈ 6.73 United Kingdom 7 ¹ / ₈ 97 5500 105 105 ¹ / ₉	Jg 4.03 Abbray Mail Transmy 8 03 ft 1000 975 877 8.46 3.85 Allence Loka 115 97 ft
	Mar 105-22 1105-07 - 0-13 113-23 105-00 38010 23853 Jun 104-24 104-09 -0-15 105-00 103-29 57264 121323 III LONG GLT FUTURES OFTIONS (LIFFE) 550.000 54ths of 100%	ASh Anno Bank 7% 05 1000 101% 102 7.11 Varissegen Inti Fin 7.05 1000 101% 102 Ahtan Dav Bk 7% 23 500 98 98% 4% 7.55 Woods Bank 0.15 2000 29% 29%	686 Britein Land 87g 23 2
	Strike CALLS PUTS	Alberta Province 7% 98 1000 10342 1035 6.13 World Bank 5% 03 3000 97% 97% Asian Dav Bank 6% 08 750 96% 95% 4 6.83	+ ¹ g 625 58 6 03 £ 1000 96 ⁵ g 96 ⁵ g 82 ⁵ g 825 GLAVO WELLCOME 8 ³ g 05 £ 500 99 ¹ 2 99 ³ g - ¹ g 8.62
BOND FUTURES AND OPTIONS	104 0-56 1-32 1-57 1-52 0-38 1-14 1-39 2-50	Austra 6/2 00 400 107% 107% 6.32 Asian Dev Bank 0 18 500 34% 34% Baden-Muert L-Fin 6/2 05 1000 103 105% 6.32 Asian Dev Bank 0 18 500 34% 34% Bank Nati Gemeenten 78 1000 102% 102% 4.620 Austria 4/2 05 1000 104% 105	Hanson 10% 97 £
	¹ 105 0-26 1-01 1-24 1-36 1-08 1-47 2-06 3-24 106 0-10 0-41 0-63 1-15 1-56 2-23 2-45 4-03 Etc. vol. total, Calls. 1522 Puts 2510, Physical Boyle gaps the, Calls 44505 Puts 25151	Bayer Vestingki 6% 05	810 bedy 10 ⁵ 2 14 2
France NOTIONAL FRENCH BOND FUTURES (MATIF) FF:500,000		British Columbia 74, 02 500 105% 105% +4 6.01 58 54, 96 1000 102% 103% British Gas 021 1500 13% 14% +4 8.08 EB 64, 04 300 113 113%	2.68 Ontation 11-12 01 2
Open Sett price Change High Low Est. vol. Open int.	E ECU BOND FUTURES (MATIF) ECU100,000	Canada 6 ¹ 8 00 1500 97 ² 4 97 ² 4 4 ¹ 8 6.69 Finitend 7 ¹ 8 99 300 112 ¹ 4 112 ¹ 4 Canada 6 ¹ 2 97 2000 100 ¹ 4 100 ¹ 8 5.66 lostend 7 ¹ 8 05 100 114 ¹ 2 115	3.53 Soviem Trent 112 89 £ 150 110% 1102 → 7.85 → 3.95 Toligo Blac Power 11 01 £ 150 111% 112 → 8.16
Mar 120.94 120.58 -0.22 120.94 120.38 145,431 94,621 Jun 120.90 120.48 -0.28 120.90 120.26 39,464 72,465	Open Sett price Change High Low Est. vol. Open int, Mar 88.26 88.24 -0.72 88.96 88.18 2.445 5.722	Chang Kong Fin 5 ¹ 2 98	-1.8 4.25 TCNZ Fin 94, 02 NZB 75 1034, 1044, 45 8.54
Sep 119 66 119 26 -0 26 119 66 119 28 341 2,524 LONG TERM FRENCH BONO OPTIONS (MATIF)	88.40 97.76 –0.72 88.44 67.70 1,950 5,156 سيار	CrosR Fonctor 9/2 99 500 109/2 103% +4 8.25 Outbook Hydro 505 105 100 101 Dearmant 5% 99 100 99% 105 +4 539 SWCF 7.04 450 116/2 116/4 East Japan Rahmay 6% 04 500 103/1 03% 05% 040 4% 03 500 103 103%	5.00 Credit Local 6 01 Fr
Stale PUTS Price Apr May Jun Apr May Jun	US US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%	EB 804 500 95% 95% 6.68 World Bank 0 21 700 25% 25% EB 8 ¹ / ₄ 01 1000 105% 105% 5.91 World Bank 7 01 500 114% 115	546 ++ 3.73 FLOATING RATE NOTES
119 0.26 0.57 0.91 120 0.54 0.89 1.22	Open Latest Change High Low Est vol. Open Int.	Bec de France 0 08 200 105 ³ / ₈ 105 ³ / ₈ 40 6.07 Ex-tra Bank Japan 8 02 500 108 ³ / ₈ 107 + ² / ₈ 6.63 YEN STRANGHTS	tweed Bid Offer Cops
121 048 0.84 1.14 098 - 1.70 122 018 047 0.74 1.67 196 2.24	Mar 112-24 111-15 -1-12 112-24 111-15 24,172 66,236 Jun 112-05 110-29 -1-13 112-03 110-29 442,438 326,296 Sep 111-23 110-14 -1-1 111-23 110-11 1.550 15.764	Boton Dev Carp B/2 98	2.00 Abbey Nati Treasury - 2 99
123 0.05 0.22 0.42 - 2.93 Est. rol. rolal Cata 16,026 Puta 21,806 Previous day's open int., Cata 152,198 Puta 137,443.		Foldstal Mont 740 04 1000 104 ¹ / ₂ 104 ³ / ₄ £ ³ / ₂ Ex-Im Bank_span 4 ³ / ₂ 03 105000 105 ⁴ / ₁ 105 ⁶ / ₂ Finited 6 ³ / ₈ 97 3000 101 ¹ / ₂ 101 ⁴ / ₃ 5.59 Inter Amer Dev 7 ¹ / ₈ 05 3000 125 ⁴ / ₁ 102 ⁴ / ₂	4 3.06 CCCE 0 96 Bou 200 99.46 99.64 4.6250 1. 213 Commerzible (0'S Fin → 98 750 99.70 99.75 5.1250
Germany	Japan Notional long term Japanese Govt. Bond Futures	Ford Motor Credit 64, 98	1 277 Credit Lyconnets 1:00
NOTIONAL GERMAN BUND FUTURES (LIFFE) DA250,000 100ths of 100% Open Sett price Change High Low Est, vol Open mL	(LIFFE) Y100m 100ths of 100% Open Close Change High Low Est voi Open int.	Ind Bik Japan Fin 77g 97 200 1017g 102 8.03 Japan Dav Bik 5 99 100000 1103g 1103g Ni France 64, 98 600 \$77g 977g 6.21 Japan Dav Bik 62 01 120000 1201g 1203g	1.04 Dermark - Ja 97 1000 98.97 100.03 5.1680 +Ja 250 Drescher Finance - 399 DM 1000 100.05 100.10 3.4688 2 11 FEZ NUT MORT - 2 00 1000 99.651 99.70 5.0677
Open Sentprice Change High Low Est, vol Open mt. Jun 85.78 95.19 -0.35 95.79 94.86 191691 225827 Sep 94.50 94.36 -0.35 94.80 94.30 150 3395	Jun 119.65 118.72 116.83 1181 0 Sep 117.50 117.54 117.50 25 0	inter-Amer Dev 72.08 500 104/g 104/g 104/g 4/g 6.67 SMCF 6/g 08 20000 117/z 117/z 117/g 4/g 6.67 SMCF 6/g 08 20000 117/z 117/z 117/z 116/z 108/g 104/g 1	2.11 FBD NAT MORT - 16 00
and the second s	* LIFFE tutures also traded on APT. All Open Interest ligs, are for previous day.	bay 65, 22 3500 89 g 89 4 + 1 7.97 World Bank 54, 02 350000 114 1 114 g 114 2 Japan Dev Bk 64 0 350000 114 1 114 g 114 2	2.67 Finitend 1, 99 1500 99.71 99.78 5.1675 Million 1, 99 500 100.21 100.31 5.5000
UK GILTS PRICES		Konsa Bac Powit 6 ¹ 9 03	6.88 taly 4 98 2000 101.07 100.15 5.9375
	led	Norway 7 ¹ / ₈ 97	6.02 UKB Batchn-Wust Pin - 12 (99
Shorts" // June up to Elea Varret) Traze & June 2005tt 8 12	B16 (00 / _1 (002) 001 between linking (A)	Portugai 5 ¹ 4 03 703 Fig. 1500 94 ¹ 2 94 ¹ 4. 6.80 Bank Nati Germenten 7 03 Fig. 1500 104 ⁵ 8 105 Quebec Hydro 8 ¹ 4 98 150 107 ³ 2 107 ¹ 4 6.48 Bell Canada 10 ⁵ 8 99 C5 150 109 ³ 2 109 ⁵ 2	6.17 New Zeeland - 19 99 1000 98.92 99.99 5.4855 +1e 7.33 Nova Scotta 2 69 500 99.96 100.04 5.4853
Trona 154pc 1996;tt 15.05 5.84 101,1 108% 101,1 Inaa 74pc 2005;tt 7.89 Exch 134pc 1996;tt 13.05 5.79 101,2 106,2 101,5 Treas 74pc 2006;tt 8.03 Companion 10pc 1996 9.75 8.08 102,1 104/3 102,2 Treas 74pc 2006;tt 8.14 Treas 134pc 1997;tt 12.51 6.17 105;t		Cumber Prov 0 08 200 105 105% 8.34 British Columbia 7% 03 CS 1250 106 100% S48 10 99 500 100% 100% 6.51 Canada Mag & Hag 84, 99 CS 1000 103% 104	+* 7.30 Ontario 0.99 2000 99.87 99.93 5.2500 +* 7.12 Femile 0.98 500 99.87 99.98 5.4250 +* 6.45 9540 99 500 99.77 99.88 5.4250
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MARKETS REPORT Currencies idle as bonds and equities dominate By Philip Gawith

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Foreign exchanges endured another frustrating day yesterday with currencies remaining largely inured from the tensions evidant elsewhere in

bond and equity markets. The slide in US and share and bond prices which failed to materialise on Monday was materialise on Monday was evident yesterday, and the neg-ative showing of financial mar-kets pulled the dollar lower. It finished in London at DM1.4805, from DM1.4823, and at Y105.645 from Y105.345. It later fell below DM1.48 in New York trading. There was little price move-

ment in Europe, with most traders prefaring to take to the sidelines ahead of Thursday's Bundesbank council meeting. The D-Mark closed at FFr3.423 from FFr3.427. The Bank of Portugal cut its repo rate to a fixed 7.9 per cent on Tuesday from 6 per cent. Sterling lost ground against a background of renewed polit-

Closing Change mid-point on day

Mar 12

Europe Austria Belgium Denmark Finland France Genmary Greece Ireland Italy Lucombourg Netherlands Norway Portugal Spain Sweden Sweden Switzerland UK

UK

Ecu - 1,2166 SDRt - 1,04219 Americas Argentina (Pecc) 1,5198 Brazil (RS) 1,4955 Canadia (CS) 2,0765 Maxico (New Pecc) 11,5387 USA (S) 1,5199

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Pacific/Middle Eau

ical nervousness following the announcement of a by-election date, which is likely to see the government's majority cut to one from two. It finished at DM2.2501, from DM2.2592. Against the dollar it closed at \$1.5199, from \$1.5242 The trade weighted index fin-

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Bid/offer spread

1.5215

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1.5188

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Est. vol.

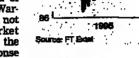
ished at 83.2, from 83.6.

■ One of the curiosities of the currency markets at present is that while volatility in bonds, equities and commodities has economic research at SBC War-burg in London, said he did not been rising, it has been declin-ing in currencies ever since the understand why the market remained so bullish about the dollar bottomed last October. Mr Joe Prendergast, curdollar. While the first response rency analyst at Merrill Lynch to the stronger payroll report was that it would boost lower in London, said the situation was somewhat reminiscent of

interest rates and the dollar, be said further reflection early 1994 when currency marsuggested this trend would kets remained range-bound cause a deterioration in the ad in New York trade balance, higher inflation - Prev. close --and raise questions about the 1.5245 1.5235 1.5217 1.5143 credibility of the Fed which would be bad for the dollar. "The bottom line is that the

despite turmoil in asset mar-kets, especially after the Fed-eral Reserve raised interest Dollas rade weighted index rates. He said it was not until 98 the volatility in the underlying

98 markats had resolved itself that volatility returned to the currency markets. The general lament at the moment is that currency mar-kets lack direction, a problem 92 not so far solved by the volatil-90 · ity in bonds and equities. Mr Mark Hendriks, head of



trading range in spite of some fairly dramatic developments which were not expected," said Mr Hendriks.

Mr Ricbard Koo of the Nomura Research Institute in Tokyo has offered a interesting gloss on the importance of last Friday's US jobs report for the dollar. He notes that at the end of last year, many foreign resulting supply/demand condi

bedge funds were borrowing tions should push the yen up short-term yen funds and con versus the dollar." verting them to dollars in He said it was difficult to order to buy US treasuries. imagine a "one-way" apprecia-tion of the dollar against the This trade, be said, was built

on three assumptions: that the yen on the basis of rising inter-Bank of Japan would continue to guide interest rates lower est rate differentials. for an extended period; that The market remains very yen weakness would continue, much dollar-focused, but one owing to a large gap between interesting development con-US and Japanese interest rates; cerns the D-Mark/French franc rate which is once more within and that capital gains on US

the old narrow, 2.25 per cent

WORLD INTEREST RATES MONEY RATES March 12 Över night Dis. Tate Six One year Lomb. Inter. One Three mths 7.00 7.00 3.80 3.90 5.00 Belgium waak ago France week ago Germany 3% 3% 41 41 3% 3.00 3% 3<u>%</u> 4% 35 35 49 3434444355589434448455589535111555 34 44 44 34 54 54 54 9% 3.00 5.60 5.60 3.30 8.25 6.25 9.87 9.89 3.30 3.30 433% 3.00 35559933111555% week ago ireland week ago baly week ago Natherlands 3% 51 5.00 -58883377553. 9.00 9.00 3.00 7.50 1.50 9% 33 33 24 18 week ago Switzerland week ago US 5.00 5.00 -5.00 54 5% week ago 5.00 Japen week ago 0.50 E S LEBOR FT London Interbank Fising week ago - 5% 5% 53 54 5<u>7</u> 5<u>7</u> 5% 54 5.14 4.88 45 45 35 35 US Dollar CDs week ago SCU Linked Ds 5.05 5.05 44 94 94 8.21 4.69 5.42 4.94 4월 4월 3월 3월 44 4월 3월 5월 week ago SDR Linked Ds eek ago S LIBOR Interbank fixing rates are oftened rates for S10cm quoted to the market by four refe at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays a Westminister, Mid rates are shown for the domestic Money Rates, USS CDs, ECU & SDR Linked Der AND REAL EREST RATES One Three month months months 312 - 312 411 - 423 312 - 324 312 - 324 312 - 324 312 - 424 8 - 72 8 - 72 612 - 614 624 - 614 3,2 - 3,5 4,2 - 4,4 3,3 - 3,4 3,2 - 3,4 4,3 - 4,5 7,5 - 8,2 6,2 - 6,2 6,4 - 6,2 12 - 5,4 313 - 314 413 - 412 313 - 314 313 - 314 413 - 314 812 - 814 812 - 814 812 - 814 812 - 814 812 - 814 814 - 514 514 - 514 - 514 514 - 514 24 notice. nk offered rate (FFr5m)

POUND SPOT FORWARD AGAINST THE POUND DOLLAR SPOT FORWARD AGAINST THE DOLLAR Day's Mid high low One month Three months One year Bank of Rate %PA Rate %PA Rate %PA Eng. Index Mar 12 Closing Change Bid/other mid-point on day spread Day's mid high low One month Three months One year J.P.M. Rate %PA Rate %PA Rate %PA inc
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 -</t Pacific/Middle E Australia Hong Kong 90.1 91,0 Jun Sep Dec 5 india Iarael Japan Malaysia 138.5 137.7 New Zesland Philippines Seudi Arabia 107.0 Mer Jun Sep Dec Singepore South Africa South Korea Talwan Thailand Strike treat places. Forward rates are not directly quoted to the a Base average 1990 = 100, index, reteased 1/2/35. Bid, Oth NG SPOT RATES, Some values are rounded by the F.T. † SDR rate per S for Mar 11, Bidlother spreads in the Dollar Spot table show only the last three decimal places. Forward intex are not directly or market but are implied by current interest inters. UK, Induce & ECU are quoted in US currency, J.P. Morgan nominal indices Mar 11: Base average Price 9025

dollar has not broken out of a

 USA
 (3)
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 Packiff-Middle Innt/Africa
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treasuries were a good bet, given likely Fed rate cuts. Mr Koo said the first 86 assumption had been smashed by Mr Wataru Kubo, the Japa-nese finance minister, recently hinting at higher rates, the sec-

ond "largely disproved" by the BOJ needing to spend \$20bn to support the dollar, while the third had been "completely smashed" by the labour report Mr Koo concludes that shore yen/long dollar positions have become "extremely risky", and

with investors less likely to build these positions, "the

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E OTH	er Currenci	IS
Mar 12	£	5
Casch Ro	41.3851 - 41.4194	27.2360 - 27.2460
Hungary	217.228 - 217.404	142.960 - 143.010
ian 👘	4573.50 . 4571.40	3000.00 - 3000.00
Kawalt	0.4543 - 0.4553	0.2990 - 0.2995
Political	3 9150 - 3.9191	2.5765 - 2.5780
Aunata	7354.38 - 7362.33	4840.00 - 4843.00
ULLE	5.5808 - 5.5837	3.5728 - 3.5730

	EURO CU	RRENCI	INTE
CIES	Mar 12	Short	7 days
S 194 27.2360 - 27.2460 404 142.960 - 143.010 140 3000.00 - 3000.00 53 0.2980 - 0.2895 91 2.5755 - 2.5780 233 4840.00 - 4843.00 37 3.8729 - 3.8739	Belgian Franc Danish Krone D-Mark Dutch Guilder Franch Franc Portuguese Eac. Spanish Paeets Starling Sweiss Franc Can. Dolar US Dolar	34 - 34 45 - 34 34 - 35 34 - 35 34 - 35 44 - 4 75 - 74 9 - 97 8 - 54 212 - 24 54 - 5 54 - 5 54 - 5	notice 3 - 3 - 3 - 4 4 - 4 - 3 3 - 3 - 3 - 3 3 - 3 - 3 - 3 3 - 3 - 3 4 - 4 - 4 - 4 3 - 7 8 - 7 8 - 7 8 - 5 8 - 5 - 2 5 - 2 5 - 2 5 - 2 5 - 3 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2
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	Орел	Sett price	Change	High	Low		р++ (
			-	-			•
Mar	96.72	95.71	+0.05	65.72	95.69	9,938	
Jun Sep	95.61 95.54	95.60 95.55	+0.06	95.62 95.56	95.56 95.48	21,674 6,334	
		Sett price		8 (LIFFE)*			-
	Open		FUTURE	8 (LIFFE)* High	DM1m pol	nts of 100% Est, vol	-
Mar Jun	Open 98.65	Sett price 98.66	FUTURE	8 (LIFFE) High 96.67	DM1m pol	nts of 100% Est, vol 10385	-
Mar Jun	Open 98.65 98,75	Sett price	Change	8 (LIFFE)* High	DM1m pol Low 96.64	nts of 100% Est, vol	-
Mar	Open 98.65	Sett price 96.66 96.72	Change -0.01	8 (LIFFE)* High 96.67 96.75	DM1m pol Low 96.64 96.70	nts of 100% Est, vol 10385 26713	-
Mar Jun Sep Dec	Open 98.65 96.75 96.57 96.28	Sett price 96.66 96.72 96.56	Change -0.01 -0.01	8 (LIFFE) High 96.67 98.75 98.61 96.31	DM1m pol Low 96.64 96.70 96.52 96.21	nts of 100% Est, vol 10385 26713 28778 35522	
Mar Jun Sep Dec	Open 98.65 96.75 96.57 96.28	Sett price 96.66 96.72 96.56 80.24	Change -0.01 -0.01	8 (LIFFE) High 96.67 98.75 98.61 96.31	DM1m pol Low 96.64 96.70 96.52 96.21	nts of 100% Est, vol 10385 26713 28778 35522	
Mar Jun Sep Dec	Open 98.65 96.75 96.57 96.28 MONTH	Sett price 96.66 96.72 96.56 96.72 96.56 96.24 EUROLIRA	Change -0.01 -0.01 FUTURIES	8 (LIFFE)* High 96.67 96.75 96.51 96.31 (LIFFE)* L	DM1m pol Low 96.64 96.70 96.52 96.21 1000m pol	nts of 100% Est, vol 10385 26713 28778 35522 nts of 100%	

Est, vol Open int.

Est vol Open int. 128183

Est. vol Open int,

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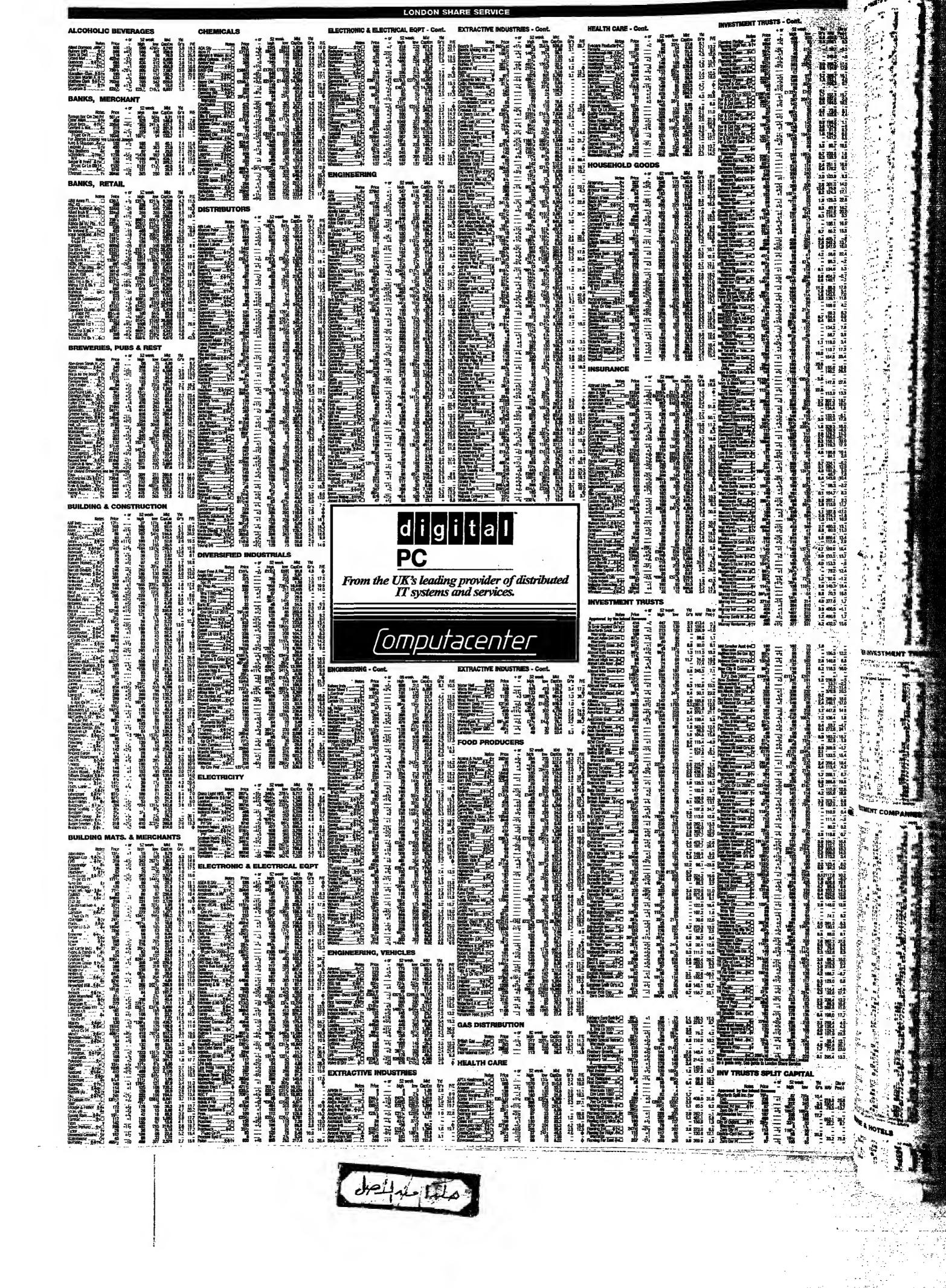
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ring bank base lending rate 8 per cent from March 8, 1996 Up to 1 1-3 3-6 6-9 9-12 month month month months months months month routh months months months files dep. (\$100,000 is 2-100, Deposite withdraws to cash 1-spc. Tex dep. under \$100,000 is 2-100, Deposite withdraws to cash 1-spc. Tex dep. under \$100,000 is 2-100, Deposite withdraws to cash 1-spc. Tex dep. under \$100,000 is 2-100, Deposite withdraws to cash 1-spc. Tex dep. under \$100,000 is 2-100, ECGD fixed rate Stip. Export Finance, Male up depo ter rate of deposit. Text Stip Export Point is 8 4 17.4500, Reference text of text 1.1996 to text 28.1996, Schemes IV & V 8.23800. Finance House Base Rate 8.500 relt 1.1996 Text edep. Stip Compare High Low Est, vol Open Int.	PHELADELPHIA SE E/S OPTIONS E31,250 (pants per pound)	Anna coll 6771 289 3467. "Sobject to us far In - I	Besides these units other utilities include a Central Workshop, F House and sub-station, Locomotives and Light Railway, Central Si Chemical and Vuicanised Fiber units etc. 3. This complex is located at Dalmianagar on Howrah-Delhi Grand C Railway line. The Grand Trunk Road (National Highway No. 2) passes through Dalmianagar. 4. The Committee will be guided, inter alia, by the following considera while evaluating the offers received from the interested parties :]) Proven financial and managerial capability;
Open Set prices Orlange S3.87 S3.86 S3.84 8109 S5792 S3.87 S3.86 S3.84 8109 S5792 S3.88 S3.84 8109 S5792 S3.87 S3.86 S3.81 +0.01 93.95 S3.88 15028 73873 S3.78 80.70 -0.01 93.79 S3.65 15061 55687 93.42 93.33 -0.03 S3.46 93.29 49652 49652 92.98 92.90 -0.04 93.03 92.87 5078 31721 ied on AFT. All Open interest Bgs. are for previous day.	Strike CALLS PLTS Price Mar Apr May Mar Apr May 1.500 2.42 2.70 3.14 0.05 0.24 0.85 1.510 1.48 2.01 2.51 0.11 0.62 1.20 1.520 0.69 1.40 1.96 0.22 0.89 1.63 1.530 0.20 0.92 1.48 0.43 1.51 2.16 1.530 0.20 0.92 1.48 0.43 1.51 2.16 1.550 0.01 0.56 1.09 0.65 2.18 2.71 1.550 0.31 0.76 1.45 2.05 3.39 Previous day's vol., Cabs N/A Pute N/A, Prov. day's open Int., Cabs N/A Pute N/A VA VA VA	COMPANIES Batablebed in 1975 OCUA has 20 offices world winh, 750 ready-made companies available. For 100 page FREE colour incoders contact: the of Nam D MINUPAC CA. Tet +44 1624 1524 Fac: +44 1624 Bite57 Loadin B MINUPAC COR. Ro: 16: +44 1171 355 1086 Fac: +44 1714 Bite57 Hong Kong BART DERKER, Like Tet +852 25228072 Fac: +452 25211150 USA REVEN MINECUL Eng Tet +1714 254 3344 Fac: +1714 254 0867 The FT GUIDE TO WORLD CURRENCUES, published in Monday's	 ii) Acceptability to financial institutions and banks ; iii) Willingness and ability to bring in maximum amount own sources. iv) Capability to induct latest technology ; v) Experience in running/rehabilitation of similar industrial units. vi) Revival Plan 5. The interested parties may contact Shri P.R. Roy, Director, Technology
CALLS Sep Mar Jun Sep 0.12 0.26 0.30 0.01 0.10 0.35 0.01 0.11 0.18 0.15 0.20 0.48 0 0.04 0.11 0.38 0.38 0.66 total, Calls 7275 Puts 3286. Previous dep's open int., Calls 161611 Puts 169639 161611	Interfere Non-Thild Europool Late (Mar) \$1m points of 100% Open Latest Change High Low Est. vol Open Int. Mar 84.63 94.62 -0.01 94.83 94.60 57.201 284.867 Jun 84.60 94.55 -0.01 94.62 94.55 150,642 304,655 Sep 84.87 84.41 -0.05 94.47 94.38 174,730 332,829 It us TREASURY BUL FUTURES (EM) \$1m per 100%	newspaper and correing over 200 currencies, is now available by dialling the following number from the keyped or handnet of your fax machine. 4391 437 601. Calls are charged at 39phnin cheap rate and 49phnin at all other times. For service outside the UK please telephone +44 171 873 4378 for details on Cityfias International. Petroleum Argus Daily Oil Price Reports	Development, Department of Industries, Govt. of Bihar, V Bhawan, Patna - 800015, Bihar, India. Tel : 0091-612-221 Fax: 0091-612-224991 for further information regarding the indu undertakings of Rohtas industries Ltd., if required. 6. The offar giving full details and supporting documents in reli (1) to (vi) of para 4 in sealed cover should reach the Industrial Develop Commissioner & Secretary, Department of Industries, Govt. of Bihar 6
BASE LENDING RATES	Mar 96.09 95.10 +0.01 95.11 95.08 634 3,099 Jun 25.05 95.03 -0.02 96.05 95.01 2,615 8,800 Sep 94.87 94.97 -0.02 94.89 94,85 632 2,500 All Open Internet Sign, are for previous day	All the spat price information you require for Global Crude and Products markets' <u></u> Petroleum Argus (CALL NOW tota FREE TRIAL 44 171 - 659 8782	following address not later than 5 P.M. on 30th April, 1996 : Industrial Development Commissioner & Secretary, Department of Industries, Govt. of Bihar, Vikas Bhavan Panta - 800 015, Bihar, India.
& Company	EUROMEARS COPTIONS (UFFE) DM1m points of 100% Strike CALLS PUTS Price Mar Apr May Jun Mar Apr May Jun	Hoters, Options & Correncies with direct access to exchange floors James Maxwell Tel: D171 702 1991 Fac: D171 400 6115	7anta - 600 013, Banar, India. Tal : 0091-612-221211, Fax : 0091-612-224991 7. The offers will be considered by the Committee subject to tha direction of the Hon ble Court. Tha Committee reserves the right to accept or r any offer without assigning any reasons therefore. R C A J Industrial Development Commissioner & Secret

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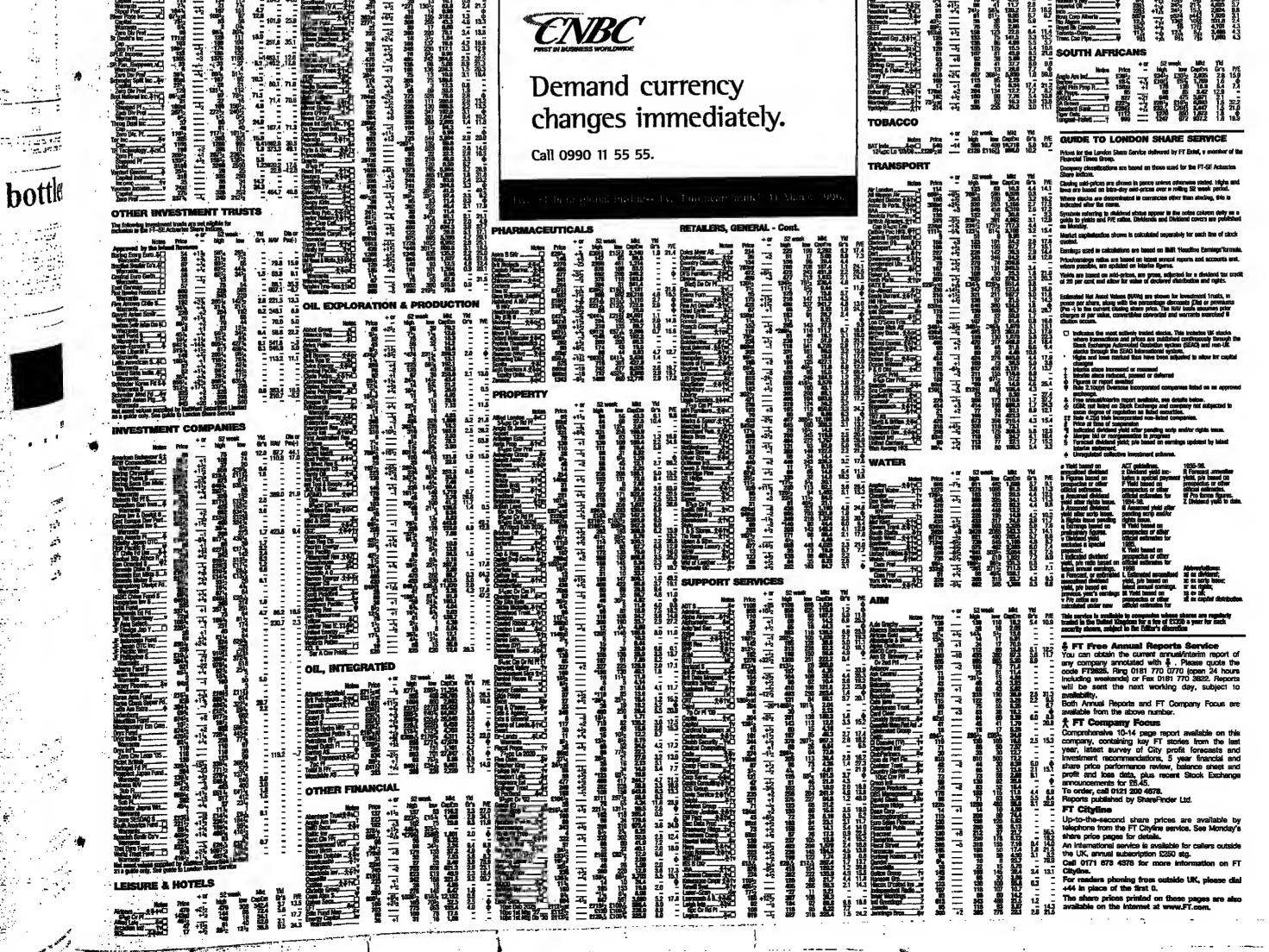
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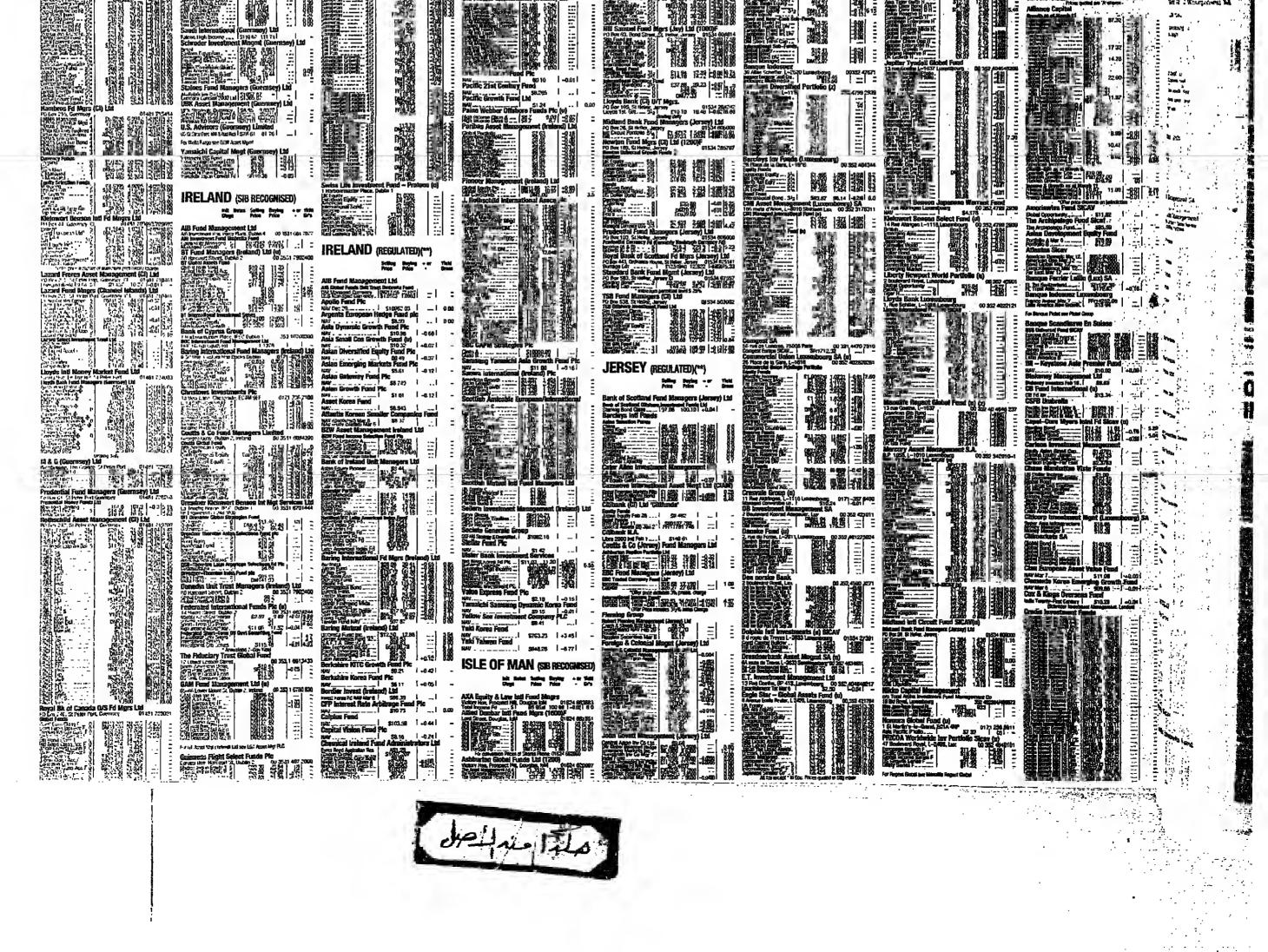
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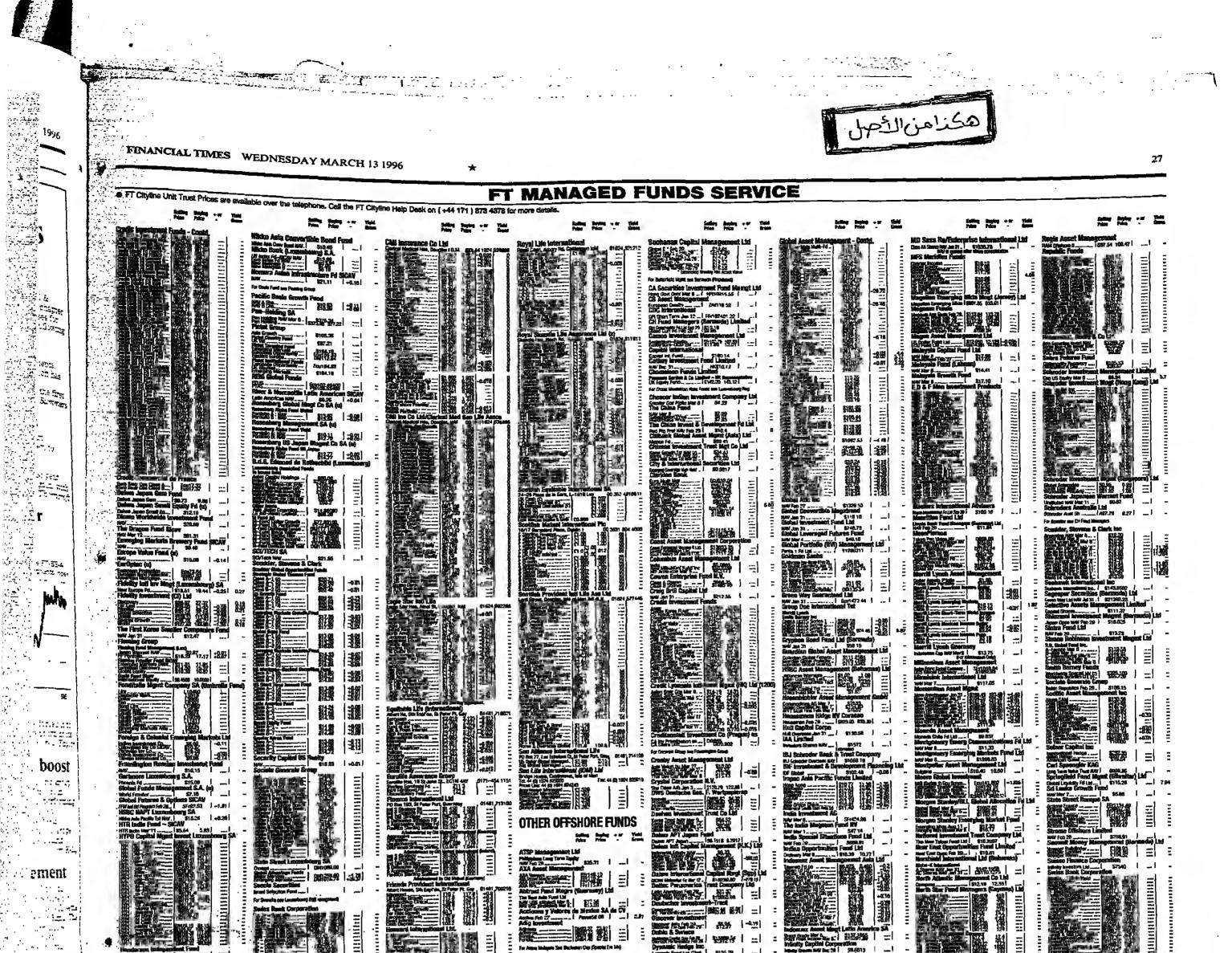
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LONDON STOCK EXCHANGE

MARKET REPORT

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Another bout of Wall St jitters upsets equities

By Steve Thompson, **UK Stock Market Editor**

Another big sell-off on Wall Street, where the Dow Jones Industrial Average dropped more than 60 points shortly after the opening, plus the prospect of an intensification of the mortgage price war in the UK, sent London share prices sliding again yesterday.

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The FT-SE 100 index moved within a 68-point arc. finishing another extremely volatile session a net 35.0 lower at 3,639.5. There was some respite, however, for the second liners, which again demonstrated their resilience in the face of ers to the latest slide in the US

firmer at 4,222.7.

Wall Street's latest decline caused extreme nervousness in global markets, coming on the heels of a big recovery in the Dow in the previous session. "It was a real shock and caused some serious rethinks among European fund managers, who had thought that Wall Street and Europe had ridden out the

storm," said one trader. Ninety minutes after London closed the Dow looked set to fall in excess of 100 points, before staging a small rally. The weakness in the Dow was attributed by London dealthe big sell-off in the leading stocks. Treasury bond market, where the

The FT-SE Mid 250 index closed 10.7 30-year bond was down 1% shortly firmer at 4,222.7. 30-year bond on closed. "Tha bond market, as always, remains the key to Wall Street and Europe," said one market strategist, who attributed the latest spate of selling to increasing uncertainty ahead of a raft of economic news expected tomorrow and on Friday.

This includes producer prices, industrial production details and manufacturing output, all of which are capable of causing a big upset to bonds and therefore to Wall Street. Strategists said that they expected more volatility across global markets for the rest of the week, especially as the dollar fell below what was previously seen as a drum up retail business. Renewed

On top of that, the full-year

figures came in at the high end

of analysts' predictions and

current year operating profits

Talk of broker upgrades, fol-

strong support level of Dm1.48. The drama during the afternoon was in stark contrast to the market mood at the opening. Then, the Footsle had opened in a confident mood, regaining the 3,700 level and up 33.1 in the wake of the 110-point rally in the Dow on Monday, which recouped two-thirds of last Friday's 171-point loss. That rally owed much to a one-point improvement

in the bond market. The initial jump in London proved shortlived, however, with marketmakers reacting very quickly to the absence of any substantial client business, and cutting their quotations in an attempt to

1,840 selling of US bonds in the Far East and Europe provided a pointer to 1,820 equity markets. 1:800

No customer support was forthcoming and the UK leaders extended their retreat, gradually 1,780 falling away, with selling from exasperated marketmakers adding indices momentum to the slide during the late afternoon.

Turnover was by no means exceptional, reaching 728.1m shares by 6pm and with non-Footsie stocks providing 55 per cent of the total business.

Life Assurance Owing to technical problems the Stock Exchange was unable to provide details of the value of customer business on Friday. 5

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FINANCIAL TIMES WEDNESDAY MARCH 13 1996

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FT-SE-A All-Share Index

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FT-SE-A All-Share vield

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Leisure & Hotels

Building & Cons

Engineering, Vehicles

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Equity shares traded

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Falls in bonds hit banks

Leading bank stocks fell sharply on a combination of bond market weakness, the political situation in China and

mortgage price war worries. The nine biggest fallers in the Footsie were all financials and, collectively, they accounted for nearly 30 per cent of the Footsie's decline yesterday.

Firstly, bond prices have been falling and the banks sector has tended to decline relative to the deht market in such circumstances. Secondly, the Chinese military manoeuvres off the coast of Taiwan have made investors nervous about political stability in the Far East and this hit the banks

with exposure in the region. Thirdly, the latest mortgage rate cut - by the Bradford & Bingley Building Society - has increased worries about bouse lending margins,

"As the biggest sector in the market, the banks are the most liquid way out." commented Mr Martin Hugbes of Credit Lyonnais Laing. Bank of Scotland fell 18 to

241%p, Lloyds TSB 15% to 297p, Abbey National 21 to 534p, Barclays 26 to 688, HSBC 28 to 977'sp in the Ordinaries, Standard Chartered 22 to 564p and National Westminster 28 to 616p. The broking arm of Nat-West was telling clients that at current levels the sector is

oversold. But in the merchant banking ish for dividend prospects.

ICI Limited

sector, Hambros rose 7 to 229p as Credlt Lyonnais Laing raised its current year profits some forecasts were being moved higher. SGST raised its forecast by almost 30 per cent.

Big BAT trade

estimate by £33m to £753m and Chunky volume in BAT its 1987 figure by £63m to 5824m. The shares jumped 27 to 454p on 17m trade and led Industries, combined with a sharp fall in the share price, prompted worries about fundathe rest of the sector higher. But it appeared later that the turnover of 28m shares by the

lowing strong traffic figures for February, pushed airports group BAA up 3 to 514p. close represented the first half Allowing for the extra day as a result of the leap year, the February traffic flows were of a so-called "bed and breakfast deal". Traditionally a B&B deal is carried out to improve the investor's tax position some 8 per cent ahead, against although, in this case, trading market expectations of 6 per in two blocks of 9m shares and

cent. City transport teams now one of 7m - at 544p a share -was related to the company's bave 11 months of BAA's financial year in front of them foreign income dividend. and there were clear indica-Dealers expect similar volume in the stock to be recorded today as the other are available. half of the B&B goes through. BAT shed 14 to 540p.

Pru perks up

Prudential stood bead and shoulders above the market yesterday on the announcement that it is trying to get money from its orphan estate. At the meeting with analysts, the company said it was in talks with the Department of Trade and Industry about releasing value. The strong inference was that cash would be used to boost acquisitions and, while

opinion was divided between whether a mutual or quoted company would be preferred, the consensus was that a building society would be high on the list. In any event the release of funds is seen as bull-

tions yesterday that some brokers were set to upgrade next month once the final returns were broadly in line with bro-A simple straw poll FINANCIAL TIMES EQUITY INDICES Mar 12 Mar 11 Mer 8 Mar 7 Mar 6 Yr ago "High Ordinary Share Ord. div. yield P/E ratio net P/E ratio net Ordinary Share hourly changes

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low 2799.9 2758.9 2750.2 2749.2 2750.0 2753.2 2742.1 2740.8 2731.5 2799.9 2728.9 Mar 12 Mar 11 Mar 8 Mar 7 Mer 8 Yr ago

Mar 12	Mar 11	Mar A	Mar 7 M	Y B YT BOX	high c	Low
TExcluding intra-market bus	inests and o	19730às 1177	www.		_	
Shares traded (mi)t	-	n/s	700.5	696,1	629.7	666.8
Equity bargainst	-	r/1		41,261	39,598	37,872
Equity turnover (Cm)†		r/1	7298.2	2065.6	1697.0	1403_B
SEAQ bargains	35,620	40,331		35,177	35,021	27,947

Mar 12 Mar 11 Mar 8 Mar / Mar 8 Yr ago 7990 1000 969-38 965-68 978-04 989-00 990-25 - 1054-52 965-68 FT-SE AM E London ma

Rises and falls

52 Week Nighs and Jows LIFFE Eastly outions Total Rises Total Fals Same Total contracts Calls Puts 39,367 15,868 25,499 1,313 Total Highs Total Lows 74 42 1.024 Mar-12 "Data based on Equity shares listed on the London Share Sen

very relaxed and confident. suggested that some analysts may be prepared to add an BZW moved up by 16m to extra 2 per cent to current £210m for this year, partly on TI's acquisition plans. The Britisb Aerospace raced up the Footsie rankings following a buy note from Credit Lyonshares added 6 at 486p. GKN continued to move

smoothly forward, rising a further 8% to 910%p. Since last The shares, which bad Thursday'a npheat results touched a low point in their recent trading range, jumped 20 to 867p as the broker argued statement the shares have put on more than a tenth. Sentiment continned to

improve at leading conglomerate Hanson, following news that the group's Canadian forestry disposais were set to

shares down by 20 at one stage in hectic trading. There was a

significant two-way pull and at

the end of the day the shares

were off 10% at 466%p. At 7.3m.

FT - SE Actuaries Share

bring in 5300m more than the fibn initially expected. The shares added 11 at 185p for a three-day gain of more than 50 shares put on 2% at 192p in 12m traded. per cent Yorksbire-Tyne Tees TV slipped 2 to 998p despite an Broker profits downgrades after the 1995 results left Wil-liams Holdings 7 lower at 324p. impressive rise in the full-year dividend. There was some dis-

Kleinwort Benson drew attention to Williams' earnings appointment with advertising revenue and the company said Granada, which has 24 per cent slowdown, with operating profof the group, was unlikely to its on an underlying basis moving from plus 5 per cent to minus 4 per cent between the make a hostile bid. Canadian Pizza added 5 at two halves of last year. The 80p following a buy note from

broker cut 1996 forecasts by ABN Amro Hoare Govett. LONDON RECENT ISSUES: EQUITIES

NatWest Securities circu-	LON	DON	RE	CENT	15	SUES	EQ
lated an add note on BTR ahead of tomorrow's results	price P	Amt paid up	Mad. Calp (Cm.)	1995 High	ANS Low	Stoek	
statement. The shares softened		F.P.	51.8	527	498	BZW Eq	Grandad
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In the regional electricity	7.5	F.P.	14.7	20		Chiphous	
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 216 Vouust Action 81.3 5.12 15.8 193.5 121.8 34.2 109.7 105.8 24 22 74 45 22 15 85 1 F.P. F.P. F.P. Cable and Wireless lost a third of Monday's sharp gain, retreating 10 to 467p on profit-175 F.P. 120 F.P. 180 F.P. 185 F.P. taking. The shares were again well dealt in turnover of 9.7m, following press revelations that the recent talks with BT

had revolved around the possibility of C&W making a reverse FT GOLD MINES INDEX

takeover for the telecoms giant, BT ended 7 off at 354%p. Mar 'Ni chy Mar' Year 11 an day 8 age Scout St. A blunt warning of lower 2238.23 -0.2 2243.07 1815.23 1.48 Gold Mass Index (33) profits this year from builders I Regional Indiane merchants Wolseley drove the

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turnover was the heaviest for three years.	FUTURES AND OPTIONS
BZW cut back its earnings estimates by £15m to £235m for this year. A number of other brokers tweaked next year's forecasts lower too, but the mood was not universally neg-	Open Sett price Change High Low Eat. vol Open Inc. Mar 3660.0 3628.0 -48.0 3690.0 3610.0 24611 27446. Jun 3890.0 3628.0 -48.0 3690.0 3602.5 15402 39962 Sep 3942.0 -48.0 3690.0 3602.5 0 23962 B FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per tuli index point - 2895 - 2895 Mar 4230.0 4229.0 +24.0 4230.0 4229.0 94 2655
ative. The abares have had a strong run lately, coming up from 375p since October, and there was said to be long term buyers around yesterday.	Jun 4246.0 4246.0 +24.5 4246.0 4246.0 94 1706 IFT-SE 100 INDEC OPTION (LIFFE) (3638) £10 per tul index point 3460 3600 3660 3600 3660 3700 3750 3800 C P C P C P C P C P C P C P C P C P C P
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MARKET REPORTE

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PROVIDE TREES

that positive news on cashflow, tax and industry consolidation was yet to be reflected in the rating. Sentiment was also belped by a news wire interview with rival aircraft maker Fokker suggesting that the Dntch

profits estimates.

nais Laing.

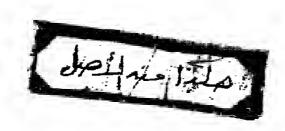
group had begun to write off bopes for a rescue takeover. The same news left aero engines supplier Bolls-Royce 5 cheaper at 220. The results from TI Group

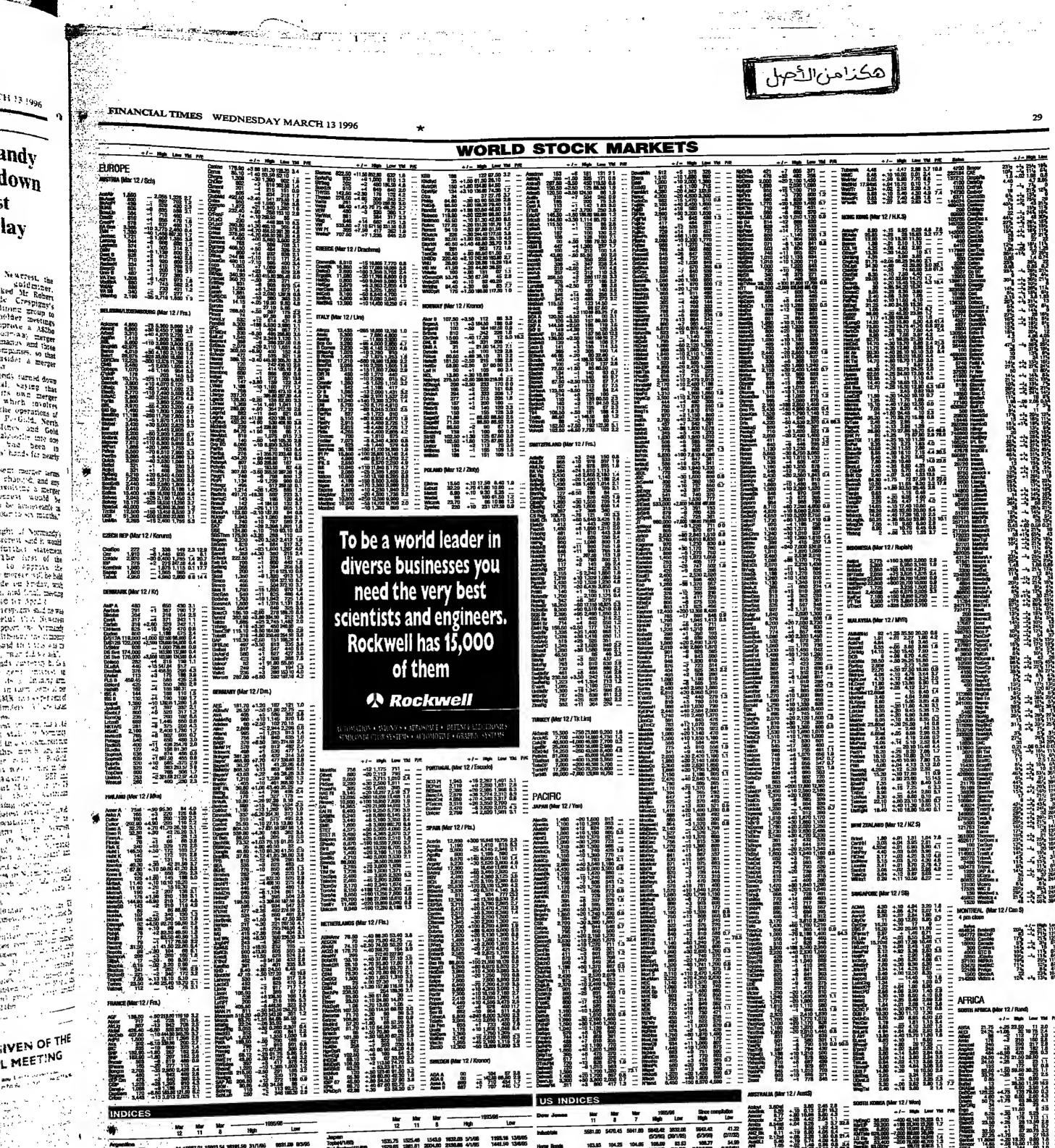
ker estimates, but the meeting with analysts was said to be

23m to £250m. 2729.0 2748.9 2760.0 2794.1 2794.9 2382 2807.9 2238.3 3.96 3.94 3.91 3.85 3.66 4.53 4.73 3.76 78.46 16.55 16.65 16.84 16.84 18.92 27.33 15.85 16.13 16.23 18.32 16.82 16.82 15.95 22.21 15.17 lated an add ahead of tomo

Ordinery Share Index since compliator; high 2507.9 5/03/96; tow 49.4 25/5/40, Base Date: 1/7/56, statement. The to 322p.

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(Regatation number 95:01999-06) "H J Joel" or "the Company") (Incorporated in the Republic of South Africa)	are working so solve some of the problems that crust deforestation.	FT-SE Mid 250 ex inv Treats FT-SE-A 350 FT-SE-A 350 Higher Yield FT-SE-A 350 Lower Yield	4254.0 +0.3 4242.9 4277.7 4302.9 3388.5 1830.3 -0.7 1843.0 1860.9 1882.3 1514.3 1804.4 -0.9 1820.8 1839.5 1882.5 1534.4 1882.8 -0.5 1871.5 1883.8 1908.5 1483.9		GUST Gronalist GREt GRONT	1,700 0006 502 56712 2,000 2290	1 18 19
SALIENT DATES OF THE RIGHTS OFFER	Where trees are chopped	FT-SE SmallCap FT-SE SmallCap ax inv Trusts	2054.08 +0.5 2044.23 2059.51 2078.11 1661.04 2041.87 +0.5 2032.01 2053.85 2058.67 1659.43	3.09 1.80 22.53 7.88 1867.05 3.28 1.89 20.22 7.53 1865.95	Guinneast HSBC (75p shait" Hanmarson Hannort, 14	5,400 97712 - 2 107 343 4 4,000 182 9	20. 20. 20.
Further to announcements dated 1 March 1996 and 11 March 1996. H.J. Joel is to proceed with a rights offer of 164 046 848 new ordinary shares of one cent each to be issued at a subscription price of 230 cents per share on the basis of 84 new ordinary shares for every 100 ordinary shares held in H.J. Joel at the close of business on Friday, 15 March 1996 ("the offer"). The proceeds of the offer amounting to 8411.5 million (before expenses) will be used to assist in the funding of the capital expenditure associated with the Company's mine plan and to repay existing debt obligations. The Johannesburg Stock Exchange ("the JSE"), subject to registration by the Registrar of Companies in Pretoria of the rights offer documents, has granted a listing for the H.J. Joel renounceable (nil paid) letters of allocation ("tetter of allocation") from Monday, 18 March 1996 to Wednesday, 10 April 1996 and for the new H.J. Joel ordinary shares from Thursday, 11 April 1996. The salient dates of the offer are as follows 1996 Lost dat to register for the rights offer: (16;00) Lost dat to register for the rights offer: (16;00) Lost dat to register for the rights offer: (16;00) Lost dat for decling in the letters of allocation posted to shareholders Friday, 22 March Rights offer opens (109:30) Lost day for decling in the letters of allocation on the JSE (16:00) Lost day for decling in the letters of allocation: 	down for firewood, we help plant fast growing seplings as a renewable source of fact. This is particularly valuable in the Impenetrable Fores, Uganda, where indigenous hardwoods take up m rwo brandred years to mature. The Mathamis lote trees WWF gave to the local villages are ready for harvesting in only five years. Where are are chopped down for use in construction, as in Pakistan, we supply fast growing local pine species. The uses behind all our work is that rainforest used wisely can be used forever. Write to the Membershap Officer at the addression of the species.	FT-SE-A ALL-SHARE FT-SE Actuaries All- 10 MENERAL EXTRACTION(24) 12 Extractive industries(5) 15 Off, integrated(3) 18 Off Exploration & Prod(15) 20 GEN BODUSTRIALS(275) 21 Budding & Construction(34) 22 Endring Metis & Merchat(25) 23 Chemicals(23) 24 Diversion Industrials(21) 25 Electronic & Beat Exup(35) 26 Engineering(70) 27 Engineering(70) 27 Engineering(70) 28 Paper, Poly & Printing(25) 29 Teachest & Apport[16] 30 CONSUMER GOODS(51) 32 Alcohoft Eleverages(5), 33 Food Producers(23) 34 Household Goods(15) 35 Heath Care(20) 37 Pharmacus(cale(15) 36 Heath Care(20) 37 Pharmacus(cale(15) 38 Heath Care(20) 37 Pharmacus(cale(15) 38 Heath Care(20) 39 Techest & Adots(23) 40 SERVICES(253) 41 Distributor(32) 42 Leisure & Hotels(23) 43 Media(46) 44 Hetaliers, Food(15) 45 Heathers, General(45) 47 Errevetes, Putis & Rest(24) 48 Support Services(49) 49 Temport(21) 40 SUPUCIES(55) 40 Electron(7) 40 SERVICES(55) 41 Distributor(22) 42 Leisure & Hotels(23) 43 Media(46) 44 Hetaliers, Food(15) 45 Heathers, General(45) 47 Eleventes, Putis & Rest(24) 48 Support Services(49) 49 Temport(21) 40 SUPUCIES(55) 40 Electron(7) 40 SUPUCIES(55) 41 Distributor(22) 42 Leisure & Hotels(23) 43 Media(45) 44 Hetaliers, Food(15) 45 Heathers, General(45) 46 Electron(7) 47 Eleventes, Putis & Rest(24) 48 Support Services(49) 49 Temport(21) 40 SUPUCIES(55) 40 SUPUCIES(55) 41 Distributor(22) 42 Leisure & Hotels(7) 43 Media(45) 44 Hetaliers, Food(15) 45 Heathers, General(45) 46 Heathers, General(45) 47 Eleventes, Food(15) 48 Support Services(49) 49 Temport(21) 40 SUPUCIES(55) 40 SUPUCIES(55) 41 Distributor(22) 42 General(21) 43 Media(45) 44 Heathers, General(45) 45 Heathers, General(45) 46 Heathers, General(45) 47 Eleventes, Food(15) 48 Support Services(49) 49 Temport(21) 40 SUPUCIES(55) 40 Distributor(22) 41 Distributor(22) 42 Distributor(22) 43 Media(45) 44 Distributor(22) 45 Distributor(22) 45 Distributor(23) 45 Distributor(23) 46 Distributor(24) 47 Distributo	Share Year Mar 12 chords Mar 11 Mar 6 Mar 7 opc 9227.09	3.87 2.01 16.09 13.48 1514.89 Div. 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H.J. Juel, Consolidated Building, Corner Fox and Harrison Streets, Johannesburg, 2001, and at the offices of Smith Borkum Hare (Pty) Limited, 10th Floor, AA Life Centre, 27 Diagonal Street, Johannesburg, 2001, during oornaal business hours (Saturdays, Sundays and public holidays excluded), from Friday, 22 March 1996 up to and including Friday, 12 April 1996.	would like to our work in the Wide Func Transets work w	70 FRANCIALS(105) 71 Banks, Retal(3) 72 Banks, Meth(3) 73 Insurance(34) 74 Uite Assurance(5) 77 Other Financial(23)	Z747.13 -2.0.2502.87 2675.69 2922.91 2198.76 3758.95 -3.9 3910.70 4029.18 4112.97 2510.61 3465.30 +0.4 3450.85 3523.87 3535.13 2826.83 1350.52 -1.0 1363.76 1407.09 1432.98 1195.11 3565.13 +3.8 3433.13 3523.85 3553.46 2445.62 2504.51	4.27 2.51 11.67 37.20 1174.94 4.12 2.83 10.73 70.15 1225.81 2.70 2.86 19.31 4.82 1067.73 5.78 3.06 7.03 21.77 1005.06 4.06 1.48 20.78 0.00 1452.44 3.64 1.91 17.99 19.61 1415.15	Setignick 6 Setigoard Setem Transport Shugh Eas Shugh Eas Shugh Eas Shugh Eas Shugh Eas Shugh Eas	1400 136 440 2 534 348 634 4 500 834 2 500 834 2 500 831 -2 331 202 -1 ,000 234 -1 ,000 1835 -1	
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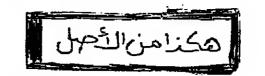
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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WORLD STOCK MARKETS

FINANCIAL TIMES

Wednesday March 13 1996

AMERICA Equities slide as bond yields climb again

Wall Street

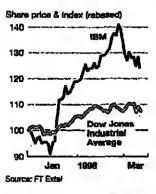
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US equities tumbled in early afternoon trading as bonds proved unable to hold on to the gains made late on Monday, writes Lisa Bransten in New York.

At 12:44 pm, trading in futures on the Standard & Poor's 500 was balted for half an hour when the June contract slid 12 points. That helped to stem the decline on the cash market, which was about 11 points lower when the restriction – known as the "sidecar rule" – was imposed. Still, US shares gave up

nearly all of the ground that they regained on Monday as US financial markets recovered from the sharp sell-off on Friday, which was sparked by a

1211



surprisingly strong figure on job growth.

By 1 pm the S&P 500 was 10.09 lower at 629.93 and the Dow Jones Industrial Average 83.82 off at 5,497.18, The American Stock Exchange composite dropped 4.76 to 556.62. New York SE volume was 251m shares

The benchmark 30-year Treasurv was a full point down, with the yield at 6.710 per cent, in the wake of a new sign that the US economy was strengthening. CNW Marketing said that new car sales rose by 15.2 per cent in the first 10 days of March.

Technology shares were also lower, with the Nasdaq com-

cent lower in midday trade in

spite of an improved outlook

for the government's social

espa index was 487.87 weaker

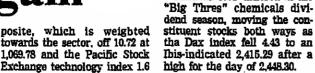
at 47,230 as Wall Street contin-

Brazil declines 1%

São Paulo was marked 1 per a good indication of whether

security reform plan. The Bov- of higher US rates was keeping

further.



EUROPE

Continued volatility in US financial markets took most

Continental bourses into early

recovery, and dropped them

into a mild depression by the end of trading. FRANKFURT ushered in the

Exchange technology index 1.6 per cent down. Large-capitalisation technology companies on both the

Nasdaq and the NYSE led the sector lower.

IBM - which had jumped 40 per cent since it reported stron-ger than expected 1995 results lower at DM462.40, while in January - slid \$3½ to \$113% after Mr John Jones, an analyst at Salomon Brothers, downgraded his rating on the company. Mr Jones said that although company fundamentals remained strong, he thought the company had ahead of today's figures.

reached an earnings peak. On the Nasdaq, Microsoft fell \$1% to \$94%. Intel dropped \$1% to \$54 and Oracle slipped \$2% to \$47%. Several companies with ties to the internet or the online

James Capel downgraded the stock to "hold" recently, saying that the outlook had been service sector managed to buck the declining market. America tempered by the weakening Online added \$5% or 11 per cent at \$53% on news that it order pattern which had emerged early this year, the had formed yet another alligroup's falling European truck ance - this time with Microsoft

restrained by the failure of the

ruling and opposition parties

the stalled budget bill vote.

to coma to an agreement over

Volume totalled 340m shares,

against 333.2m. The Topix index of all first section stocks

moved ahead 10.27 to 1,535.75

and the Nikkei 300 closed 2.19 np at 286.67. Advances out-

scored declines by 646 to 386, with 168 issues unchanged.

index put on 0.92 at 1,339.11.

In London the ISE/Nikkel 50

Steels attracted demand from

overseas investors, encouraged

by recent forecasts from lead-

ing companies of a profits recovery in 1996-97. Nippon

Steel, the most active issue of

the day, firmed Y5 to Y340 on

- to allow its users easier ASIA PACIFIC access to the Internet. Great Atlantic & Pacific Tea Company forged ahead \$3% or 14 per cent to \$261; after reporting stronger than expected fourth-quarter operating earnings late on Monday. Tokyo

Canada

Wall Street's overnight Toronto was weak at midses rebound cheered investors and Sion, again taking its lead from the Nikkei average recovered US bonds and Wall Street, and 0.8 per cent from Monday's low the TSE 300 composite index for the year, spurred by shed 14.93 by noon to 4,918.70 in volume of 38.6m shares. demand from overseas inves-tors, writes Emiko Terazono in Hemlo Gold Mines rose C\$1%

Tokyo. C\$19 on news that Battle The 225 index rose 153.98 to 19,950.27 after moving between 19,854.30 and 20,008.07, with for-Mountain Gold, of the US, was to take over the group in a \$1.5bn stock deal which valued eign demand concentrated on steels and car shares. However, Hemlo at C\$21.03 a share. buying continued to be

Guyanor Resources continued its winning ways, rising C\$1/2 to C\$13 on positive results from Its French Guiana diamond property. **Diamond Fields Resources**,

holder of the rich Voisey's Bay base metals deposit and target of a C\$4bn bid by Falconbridge. receded C\$11/4 to C\$351/4

US interest rates will be cut

many investors away from

They added that the prospect

dend season, moving the constituent stocks both ways as tha Dax index fell 4.43 to an Ibis-indicated 2.415.29 after a high for the day of 2,448.30. Bayer and BASF led the turnover charts, accounting for around DM1bn each within a German total of DM10bn. But

Bayer's 20 per cent rise in prof-Dec⁷95 its and 15 per cent dividend increase left the shares DM8.10

market share and the apparent BASF, with virtually doubled peaking in demand for printing profits and a 40 per cent divimachinery at lower levels than dend gain, climbed DM7.30 to in the early 1990s.

German chemicals

BASE DAX

130

Share price and index rebased

DM377.50. Hoechst, the third of PARIS, too, offered a mixed automotive sector, where Michelin rose FFr4 to FFr239 the trio and the recent front-runner in share price terms, fell DM6.75 to DM472.50 on broker buy recommenda-tlons, but Renault dropped The automotive sector was FFr4 to FFr142 after lt consimilarly mixed. MAN dropped firmed plans to invest between a further DM12.80 to DM402.20 FFr3.8bn and FFr5bn ln a new after underperforming the mar-Brazilian plant.

ket over the last 12 months. Tha CAC-40 Index closed 16.32 lower at 1,932.07, after 1,961.43. Tha awing on the day hit Lafarge, the building materials group, unchanged at FFr337.20 after an early FFr342.80 on good results. In the defence sector, Das-

subishi Oil Y3 to Y878.

volume of 210m shares.

ther volatility in the US.

Roundup

sault was down FFr2 at FFr488 after reaching FFT509 in an attempt to renew an exception ally strong share price run this year. A Defence Ministry report looked for an 18 per cent cut in annual arms spending in

to FFr115.10. Other sensitive areas ware more rewarding. Navigation Mixte jumped FFr40 to FFr819 as the Paribas offer to huy out the group at FFr800 a share opened, and Consortium and Realisation (CDR), the French state holding company in cbarge of selling assets for-merly held by Crédit Lyonnais, opposed the offer; and the drugs gronp Sanofi rose FFr4.30 to FFr368 on a com-

mmercial alliance with Rotta Research, of Italy. ZURICH drew strength from a continuation of the merger speculation sparked by last week's naws from Ciba and Sandoz, but shares finished off their best levels after Wall Street's weak opening. The SMI index turned back

from a day's best of 3,560.2 to close 34.3 ahead at 3,540.5. Ciba rebounded SFr30 to SFr1,390 and Sandoz picked up SFr35 to SFr1335 after the profit-taking of the previous two sessions. Mr Mark Tracey at Goldman Sachs, which contract.

Mar 12 Hourly changes 1997; Thomson CSF fell FFr5.80

> creation of Novartis as "the most visionary example of consolidation in the healthcare industry thus far". He believed the proposed merger of two companies, strong in their own right, offared outstanding

shareholder value. Financials in the spotlight on speculation about future mergers included SBC, up SFr5 to SFr461 ahead of today's release of 1995 results, Zurich Insurance, which rose SFr12 to SFr352, and Winterthur Insurance, SFr15 ahead at SFr787. Surveillance moved forward SFr95 to SFr2,395 after its 1995

results proved in line with expectations. MILAN was mixed to weaker, with activity drivan largely by portfolio adjust-

ments ahead of Friday's options expiry and equity futures rollover of the March added both shares to its Euro-The

FT-SE Actueries Share Indices THE EUROPEAN SERIES 13.00 14.00 15.00 Class 12.00 10.30 11.00 Open FT-SE Burninsch 100 1578.47 1576.44 1578.50 1577.48 1578.30 1573.18 1574.54 1572.84 FT-SE Burninsch 200 1651.40 1651.81 1550.10 1552.16 1651.87 1646.87 1645.62 1643.53 Mar 5 Mar 8 Nar 7 Mar 6 Mar 11 1607.55 1584.53 1588.41 1670.45 1562.57 1642.34 1586.63 FT-SE Eurotrack 100 FT-SE Eurotrack 200 1587.72 1662.90 1669.60

100 · 1578 Low/des: 3.16 to 590.80, while the realpean priority list, viewed the

time Mibtel index finished 21 easter at 9.412. Fiat, up L113 to L5.146, and Pirelli, L16 higher at L2,218, outperformed. Traders noted that Pirelli released good preliminary results for its tyre division last week, but said that there was no news on Fiat

to explain the rise. Olivetti remained under pressure, losing L20.7 to L797.3, but up from a new low of L795, on the view that the price war in personal computers would make it increasingly difficult for the company to reach break even this year.

AMSTERDAM's rally wilted towards the close but the AEX index still ended 2.48 higher at 510.17 after 513.40. It saw its real share price action on the periphery, where Fokker dropped 70 cents or 40 per cent to F1 1.05 after its chairman that hopes for a rescue

2,353.92 in weak turnover of

deal were fading; and Gucci Comit index picked up

cent rise in 1995 net profits,

thanks to its airline and prop-

Mixed reception for BASF and Bayer dividends climbed F14 or 5.6 per cent to FI 76 on a leap in 1995 profits and news of a new global stock offering.

134

doch's

wes close

inese CA

A bounce in forestries lifted Ence, in MADRID, by Pta85 or 5.4 per cent to Ptal,660 as the general index eased 0.28 to 327.66, in STOCKHOLM and HELSINKI, the sector outpaced the broader market indices with gains of 3.8 per cent and 1.7 per cent respectively. Stock-holm also saw a SKrö.50 rise to SKr152.50 in Volvo, on foreign

interest ISTANBUL finished 2 per cent lower, with the composite indax, 1,267.64 down at 61,383.99, having already discounted the Conservative coalition's success in a parliamen-

tary confidence vote. Analysts said that the government'a shaky parliamentary base posed doubts about whether it could tackle urgent structural reforms. TEL AVIV took its lead from

the higher overnight Dow, and the Mishtanim index firmed 2.58 to 204.94

Israel Discount Bank; the country's third largest bank in which the government sold a 14 per cent stake last week, rose 1.8 per cent to Shb3,224 as it made its market debut.

Written and edited by William **Cochrane and Michael Morgan**

Overseas demand spurs Nikkei as region rebounds but the mood remained can-Speculative stocks rallied. Friday to announce a 19 per

> Shinko Electric Y69 to Y954. Oil shares eased on fears of lower earnings following the 150 140 deregulation of the gasoline 120 110 100 - Hang Seng

Wall Street's overnight rally provided the cue for renewed es: FT Edel buying in regional markets,

cents to HK\$46.80.

the composite index eased back to close 16.32, or still 3 per

touching 565.37. However, brokers said fundamentals had not changed, and that today was unlikely to be

so ebuillient. SYDNEY'S All Ordinaries index rallied 41.1 to 2,228.5. Among major miners, WMC rose 18 cents to A\$8.46, helped by its limited loss on Monday; but the diamond miner Ashton sbowed no sparkle, ending flat

Dvnic, a maker of bookbinding Swire Pacific cloths, rose Y100 to Y976 and Share price & index (rebased

> wire Pacific 70 1995

erty interests, appreciated HK\$1.75 to HK\$64.50. Cathay Pacific lost 30 cents to The biggest gain was seen in HK\$13.35 in spite of higher Fraser & Neave, the drinks company, which jumped 60 cents to S\$15.70. Cerebos, tha than expected 1995 earnings. SEOUL remained on the downward path as selling presfood group, was also strong, up 30 cents at \$\$12.60. sure mounted in the continued KUALA LUMPUR picked up absence of government steps to 1.6 per cent, or half of Mon-day's loss, with most of tha boost the market. The compos-lte index finished 3.84 softer at day's demand concentrated on 842.42 in volume that improved second line stocks. After reaching a session's high of 1,104.97, the composite index ended 16.95 up at 1,099.94. Trading bours were extended by 10 minutes because of com-puter malfunction caused by SHANCHAI's hard currency heavy trading in Korea Housing Bank's new shares. They B shares edged ahead in a tech-

109m shares.

tors away. The index moved up 0.126 to 50.836. tions. The Straits Times Indus-Analysts noted that domestic trial index advanced 37.58 to

Chinese investors had been sellers of Shanghai B shares on worries about China-Taiwan tension, although foreign investors were largely holding their positions. SHENZHEN'a B index rose 0.04 to 61.53.

BOMBAY lacked direction, inhibited by political uncertainties ahead of the general election, due before June, and with financial year-end considerations dampaning enthusi-asm. The BSE-30 index inched forward 8.25 points to 3,299.90. Heavy position-squaring pushed Reliance up by Rs14.95 or 6.8 per cent to Rs234 on the National Stock Exchange, with more than 28m shares traded in the last half-hour.

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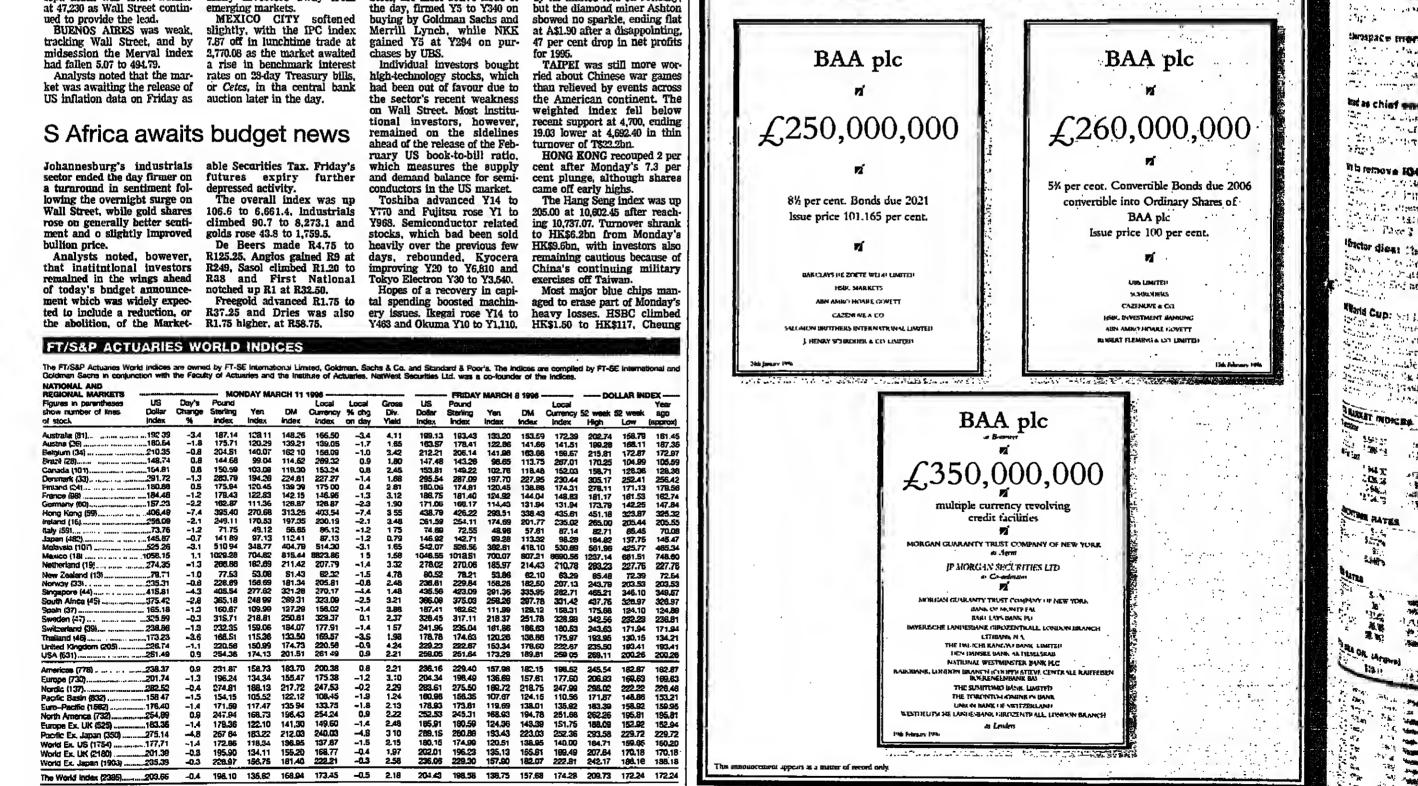
cent, higher at 560.86 after

although many investors remained cautious, fearing fur-JAKARTA recovered nearly all of Monday's losses before

retail market. Nippon Oil declined Y12 to Y614 and Mit-In Osaka, the OSE average picked up 65.90 to 21,165.13 in

Kong HK\$2.05 to HK\$51.75 and its Hutchison associate 70 Swire Pacific, expected on

to 25.2m shares.



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